

CASE NO. 11-3333

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Marvel Characters, Incorporated, Marvel Worldwide, Incorporated,
MVL Rights, LLC,

Plaintiffs-Counter-Defendants - Appellees,

Walt Disney Company, Marvel Entertainment, Incorporated,
Counter-Defendants - Appellees,

v.

Lisa R. Kirby, Neal L. Kirby, Susan N. Kirby, Barbara J. Kirby,
Defendants-Counter-Claimants - Appellants.

APPELLANTS' PETITION FOR REHEARING OR REHEARING EN BANC

Appeal From The United States District Court for the Southern
District of New York,
Civil Case No. 10-141 (CM) (KF), Hon. Colleen McMahon

TOBEROFF & ASSOCIATES, P.C.

Marc Toberoff

mtoberoff@ipwla.com

22237 Pacific Coast Highway #348

Malibu, California 90265

Telephone: (310) 246-3333

Facsimile: (310) 246-3101

*Attorneys for Defendants-Appellants,
Lisa R. Kirby, Neal L. Kirby, Susan M.
Kirby and Barbara J. Kirby*

TABLE OF CONTENTS

RULE 35 STATEMENT	1
INTRODUCTION	1
BACKGROUND	3
ARGUMENT	5
I. THE RULE 19(b) ANALYSIS WAS BASED ON AN ERRONEOUS READING OF THE RECORD AND MISAPPLIED THE 19(b) FACTORS ALL OF WHICH WEIGH IN FAVOR OF DISMISSAL.....	5
A. The Opinion Misapplies The First Factor (Prejudice)	5
B. The Opinion Misapplies The Second Factor (Alleviation of Prejudice)	9
C. The Opinion Misapplies The Third Factor (Judgment Adequacy)	9
D. The Opinion Misreads The Record Re: Fourth Factor (Adequate Remedy).....	10
II. GIVEN THE UNDISPUTED FACTS FOUND BY THE COURT KIRBY’S CREATIONS COULD NOT BE WORK FOR HIRE	12
A. The “Instance and Expense” Test Should Be Narrowly Construed.....	19
CONCLUSION	20
CERTIFICATE OF COMPLIANCE	
CERTIFICATE OF SERVICE	
EXHIBIT 1: PANEL DECISION	

TABLE OF AUTHORITIES

Federal Cases

<i>American Optical Co. v. Curtiss</i> , 59 F.R.D. 644 (S.D.N.Y. 1973)	7
<i>Brattleboro Publ’g Co., v. Winmill Publ’g Corp.</i> , 369 F.2d 565 (2d Cir. 1966).....	14
<i>Brattleboro Publishing Co., v. Winmill Publ’g Corp.</i> , 250 F. Supp. 215 (D. Vt. 1966).....	14
<i>Cable Vision, Inc. v. KUTV, Inc.</i> , 335 F.2d 348 (9th Cir. 1964)	6
<i>CP Solutions PTE, Ltd. v. Gen. Elec. Co.</i> , 553 F.3d 156 (2d Cir. 2009).....	2, 8, 9
<i>Community for Creative Non-Violence v. Reid</i> , 490 U.S. 730 (1989).....	17, 19, 20
<i>Cusano v. Klein</i> , 196 F. Supp. 2d 1007 (C.D. Cal. 2002)	7
<i>Dolman v. Agee</i> , 157 F.3d 708 (9th Cir. 1998)	18
<i>Epoch Producing Corp. v. Killiam Shows, Inc.</i> , 522 F.2d 737 (2nd Cir. 1975).....	16
<i>Estate of Hogarth v. Edgar Rice Burroughs, Inc.</i> , 342 F.3d 149 (2d Cir. 2003).....	13, 14, 18
<i>Estate of Hogarth v. Edgar Rice Burroughs, Inc.</i> , 2002 U.S. Dist. LEXIS 4219 (S.D.N.Y. Mar. 15, 2002).....	14
<i>Felix Cinema. v. Penth’s Int’l, Ltd.</i> , 99 F.R.D. 167 (S.D.N.Y. 1983)	11

<i>Fifty-Six Hope Rd. Music Ltd.,</i> 2010 U.S. Dist. LEXIS 94500 (S.D.N.Y. 2010).....	14
<i>First Fin. Mktg. Servs. Grp., Inc. v. Field Promot'ns, Inc.,</i> 286 F. Supp. 295 (S.D.N.Y. 1968)	7
<i>Fuji Photo Film Co. v. Deep Creek Design,</i> 1998 U.S. Dist. Lexis 19525 (S.D.N.Y. 1998)	12
<i>Gary Friedrich Enterprises, LLC v. Marvel Characters, Inc.,</i> 716 F.3d 302 (2d Cir. 2013).....	18
<i>Global Disc't Travel Servs., LLC v. TWA,</i> 960 F. Supp. 701 (S.D.N.Y. 1997)	11
<i>Harper & Row Publ'rs, Inc. v. Nation Enterpr's,</i> 471 U.S. 539 (1984).....	2, 12, 13
<i>Jaser v. N.Y. Prop'ty Ins. Underwrit'g Assoc.,</i> 815 F.2d 240 (2d Cir. 1987).....	8, 9
<i>Key W. Hand Print Fabrics, Inc. v. Serbin, Inc.,</i> 244 F. Supp. 287 (S.D. Fla. 1965)	7
<i>Martha Graham School & Dance Foundation, Inc. v. Martha Graham</i> <i>Center of Contemporary Dance, Inc.,</i> 380 F.3d 624 (2d Cir. 2004).....	13, 15, 16, 18
<i>Marvel Characters, Inc. v. Simon,</i> 310 F.3d 280 (2d Cir. 2002).....	2, 4, 18, 20
<i>McCarthy v. Am. Int'l Group,</i> 283 F.3d 121, 124 (2d Cir. 2002).....	18
<i>Messerschmitt-Boelkow-Blohm v. Hughes Airc'ft Co.,</i> 483 F. Supp. 49 (S.D.N.Y. 1979).....	6
<i>Nat'l Union Fire Ins. Co. v. Int'I Wire Grp. Inc.,</i> 2003 WL 21277114 (S.D.N.Y. 2003).....	12

<i>N.Y. Times v. Tasini</i> , 533 U.S. 483 (2001).....	2, 20
<i>Northern Arapaho Tribe v. Harnsberger</i> , 697 F.3d 1272 (10 th Cir. 2012).....	9
<i>Philippines v. Pimentel</i> , 553 U.S. 851 (2008).....	2, 9, 10
<i>Playboy Enterprises, Inc. v. Dumas</i> , 53 F.3d 549 (2d Cir. 1995).....	14, 15, 16, 18
<i>Plunket v. Estate of Conan Doyle</i> , 2001 U.S. Dist. LEXIS 2001 (S.D.N.Y. Feb. 22, 2001).....	7
<i>Prescription Plan Serv. Corp. v. Franco</i> , 552 F.2d 493 (2d Cir 1977).....	2, 8, 9
<i>Provident Tradesmens Bank & Trust Co. v. Patterson</i> , 390 U.S. 102 (1968).....	2, 5, 6, 10
<i>Pulitzer-Polster v. Pulitzer</i> , 784 F.2d 1305 (5th Cir. 1986)	6
<i>Ronson Corp. v. First Stanford Corp.</i> , 48 F.R.D. 374, 377 (D. Conn. 1970)	10
<i>Scott v. Paramount Pict's Corp.</i> , 449 F. Supp. 518 (D.D.C. 1978)	7
<i>Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.</i> , 161 F.2d 406 (2d Cir. 1946).....	15, 18
<i>Siegel v. Time Warner Inc.</i> , 496 F. Supp. 2d 1111 (C.D. Cal. 2007)	16
<i>Smith v. Kessner</i> , 183 F.R.D. 373 (S.D.N.Y. 1998)	11

<i>Stewart v. Abend</i> , 495 U.S. 207 (1990).....	16, 20
<i>Tullett Prebon PLC v. BGC Partners, Inc.</i> , 427 Fed. Appx. 236 (3d Cir. 2011).....	6, 7
<i>Twentieth Century Fox Film Corp. v. Entertainment Distribution</i> , 429 F.3d 869 (9th Cir. 2005)	14, 15, 16
<i>U.S. ex rel. Hall v. Tribal Dev. Corp.</i> , 100 F.3d 476 (7th Cir. 1996)	9
<i>Vance v. Amer’n Soc. of Composers, etc.</i> , 271 F.2d 204 (8th Cir. 1959)	7
<i>Whitney, Atwood, Norcross Assocs., Inc. v. Architects Collaborative ,Inc.</i> , 1991 U.S. Dist. LEXIS 225 (D. Mass. 1991)	7

Federal Statutes and Rules

17 U.S.C. § 26.....	13, <i>passim</i>
17 U.S.C. §304(c)	1, 3, 4, 10, 15
17 U.S.C. § 304(c)(1).....	10
17 U.S.C. § 304(c)(2).....	8, 10
17 U.S.C. §§ 304(c)(2)(B)	5
17 U.S.C. §§ 304(c)(6)(C)	5
17 U.S.C. §304(c)	20
17 U.S.C. §304(d)	20
17 U.S.C. § 505	6
28 U.S.C. § 1404.....	12

28 U.S.C. § 1406.....	12
Fed. R. Civ. P. 19(b)	1, <i>passim</i>
Fed. R. Civ. P. 21	9

Treaties and Other Authorities

M. Nimmer & D. Nimmer, <i>Nimmer on Copyright</i> (2013)	
1 <i>Nimmer</i> § 5.03[B][1][a][ii]	19
1 <i>Nimmer</i> § 5.03[B][2][c]	16, 17
1 <i>Nimmer</i> § 5.03[B][2][d]	15, 16
3 <i>Nimmer</i> § 9.03[D]	19
3 <i>Nimmer</i> § 12.03	7
W. Patry, <i>Patry on Copyright</i> (“Patry”)	
2 <i>Patry</i> § 5:54.....	15, 19
Rest. (2d) of Judgments, § 54 (1982).....	8
7 C. Wright & A. Miller, <i>Fed’l Pract. and Proc.</i> , § 1614 (2013)	7

RULE 35 STATEMENT

The soon to be published Opinion (Ex. 1), conflicts with Supreme Court and Second Circuit precedent, and raises questions of exceptional jurisprudential importance warranting rehearing and rehearing en banc. *First*, where the Court lacks personal jurisdiction over two of four copyright co-owners, should it determine copyright ownership when the absentees will be severely prejudiced, and all the Fed. R. Civ. P. 19(b) factors favor dismissal? *Second*, should the controversial “instance and expense” test for “work for hire” under the 1909 Copyright Act (repealed) be narrowly construed because it conflicts with the common law of agency, and its elastic application cripples 17 U.S.C. §304(c)?

INTRODUCTION

This case concerns the exercise of copyright termination rights under 17 U.S.C. §304(c) by the four children of legendary comic book creator Jack Kirby, as to his most prominent artistic works published by Marvel in 1958-63, including *The Fantastic Four*, *The Incredible Hulk*, *Thor*, and *X-Men*.

Regarding the first question, the Opinion is marred by a critical error as to the factual record leading to the mistaken conclusion that if this case is dismissed under Rule 19, Marvel has no adequate remedy. The record reflects that all four Kirby heirs had filed suit to enforce their statutory rights in California (C.D. Cal. Case No. 10-00289, CJC (AN)), where two of the three Marvel plaintiffs, their

parent, Disney, Lisa and Neal Kirby, the Kirby Trust, and the Kirbys' counsel, *all* reside. The resulting Opinion that the absent Kirbys are not "indispensable" under Rule 19(b) contradicts *Provident Tradesmens Bank & Trust Co. v. Patterson*, 390 U.S. 102, 111 (1968), *Philippines v. Pimentel*, 553 U.S. 851, 870-871 (2008), and the cases, *CP Solutions PTE, Ltd. v. Gen. Elec. Co.*, 553 F.3d 156 (2d Cir. 2009) and *Prescription Plan Serv. Corp. v. Franco*, 552 F.2d 493 (2d Cir 1977) on which the Opinion relies. This motion is warranted to fully brief the critical Rule 19(b) issue, which Appellants did not expect this Court to decide in the first instance.

As to the second question, the Opinion found that Jack Kirby's freelance creations were "work-for-hire" as a matter of law based on Marvel's discretionary payment for only that material it wished to publish. This conflicts with the fundamental principle that an employer's authorship of "work for hire" adheres at creation. *Harper & Row Publ'rs, Inc. v. Nation Enterprises*, 471 U.S. 539, 547 (1984). Abundant evidence in the record pointed to Marvel's purchase and Kirby's assignment of his material – the antithesis of "work for hire" – which presents no legal conflicts, and, at a minimum, raised key disputed issues for the trier of fact.

The Opinion also contravenes the concerted legislative objective of the termination right to "enhance the author's position" and remedy "the author/publisher [im]balance." *N.Y. Times v. Tasini*, 533 U.S. 483, 496, n.1 (2001). *See Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 290 (2d Cir. 2002).

BACKGROUND

Defendants Lisa, Neal, Barbara and Susan Kirby (the “Kirbys”) are the children of artist/creator Jack Kirby. In September 2009, they exercised their right under 17 U.S.C. § 304(c), to recover their father’s copyrights in characters he co-created as a freelancer from 1958-1963 (the “Period”), by serving Marvel with notices of termination of his copyright assignments (“Termination”).¹

In 1958-63, Jack Kirby created and sold his artwork to Marvel on a purely freelance basis. Br. 7. He worked from home, set his own hours, and paid all overhead/expenses of creating his artwork, which Marvel did not reimburse.² Kirby was not paid for his services, but a page rate for only that product Marvel chose to purchase in its sole discretion. Br. 7, 34, Reply 1-3. When Kirby’s submissions were rejected he was not compensated, and took the entire loss. *Id.* Marvel also did not pay for material it wanted redrawn as a purchase condition. Br. 7-8, Reply 9-10. Kirby freely sold to other publishers. Kirby freely used rejected work done for a Marvel project in work he sold to its competitors. Br. 8.

In 1958-1963, Marvel avoided any legal engagement agreement or legal obligation to Kirby. Br. 8. Kirby was also not legally obligated to Marvel to create material. *Id.* The only contemporaneous agreements between Marvel and

¹ Appellants’ Opening Brief (“Br.”) 3, 9.

² Appellants’ Reply Brief (“Reply”) 12. Marvel also did not withhold any taxes from its payments, nor provide Kirby with any benefits. Br. 8.

Kirby were contractual legends on the back of Marvel's checks, expressly assigning Kirby's copyrights in the artwork Marvel purchased. Br. 5, 47-48; Reply 20-22. The first formal contract, dated June 5, 1972, was titled "Assignment," and again assigned Kirbys' material to Marvel. Joint Appendix ("JA")(III) 603-08.

On January 8, 2010, Marvel filed suit in New York, though two of three Marvel plaintiffs, their owner, Disney, Lisa and Neal Kirby, the Kirby Trust all reside in California. JA(I) 21, 68, 72, 76. Marvel contested the Termination, claiming "work for hire" – the sole exclusion to 17 U.S.C. § 304(c). JA(I) 19-35.

On March 9, 2010, all four Kirbys filed suit in the Central District of California against Marvel and Disney to enforce their Termination. Br. 22. The same day, they moved to dismiss this action for lack of personal jurisdiction over Lisa and Neal Kirby. The district court denied their motion and wrongly asserted personal jurisdiction over all the Kirbys. JA(I) 36-38, 95-110.

The district court granted Marvel's motion for summary judgment. Special Appendix ("SA")1-52. The Kirbys raised several issues on appeal including that the district court lacked jurisdiction over two of the four indispensable Kirbys, and flouted summary judgment standards by deciding fact disputes and drawing all inferences in Marvel's favor. SA 3-52. After finding that Marvel's case "stands or falls on [Lee's] testimony," it accepted it, though the record put his credibility in sharp dispute. SA 7. It also contravened *Simon*, 310 F.3d at 290-292, in holding that

a “for hire” acknowledgement, decades after creation, was “conclusive.” SA 40.

The Opinion affirmed; vacated the judgment as to Lisa and Neal Kirby for lack of personal jurisdiction; but held them not indispensable under Rule 19(b) despite their co-ownership of the copyrights at issue and the prejudice they suffer.

ARGUMENT

I. THE RULE 19(b) ANALYSIS WAS BASED ON A MISTAKEN READING OF THE RECORD AND MISAPPLIED THE 19(b) FACTORS ALL OF WHICH WEIGH IN FAVOR OF DISMISSAL

The Opinion that Lisa and Neal, co-owners of the copyright termination interests, were not “indispensable parties” misapplies Rule 19(b). Under 19(b), the following factors are determinative and *all* weighed heavily in favor of dismissal:

(1) the extent to which a judgment rendered in the person’s absence might prejudice that person or the existing parties; (2) the extent to which any prejudice could be lessened or avoided...; (3) whether a judgment rendered in the person’s absence would be adequate; and (4) whether the plaintiff would have an adequate remedy if the action were dismissed for nonjoinder.

A. The Opinion Misapplies The First Factor (Prejudice)

As to an absent party, the Supreme Court directs:

[T]he court must consider the extent to which the judgment may “as a practical matter impair or impede his ability to protect” his interest in the subject matter. When a case has reached the appeal stage the matter is more complex. ... however, a court of appeals should, on its own initiative, take steps to protect the absent party ...

Provident Tradesmens Bank & Trust Co. v. Patterson, 390 U.S. 102, 111 (1968).

Ordinarily, under 17 U.S.C. §§ 304(c)(2)(B) and (6)(C), all four Kirbys

would co-own the termination interest, and a majority would be required to both exercise the termination right, and exploit the copyrights thereby recovered.

Accordingly, from an *ex ante* or *ex post* perspective, judgment in Lisa and Neal's absence threatens to "deadlock" their rights.³ The Opinion "assume[s] without deciding [if it] is correct," that an adverse judgment causes Lisa and Neal to "lose" their statutory interest, and that they "stand to have their legal rights finally determined in their absence." Op. 28, 30. This heavily favors dismissal as it far exceeds the "might prejudice" threshold, and more than "impede[s]" the absentees "ability to protect" their legal interest. *Provident*, 390 U.S. at 111.⁴

For this reason, it is well-settled that the failure to join the owner or co-owners of a contested copyright should result in dismissal under Rule 19(b). *See Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348, 353-354 (9th Cir. 1964) ("It is settled law that the copyright owner is an indispensable party to enforcement of a copyright claim."); *Tullett Prebon PLC v. BGC Part'rs, Inc.*, 427 Fed. Appx. 236,

³ The decision, also prejudices them as negative precedent. *See Pulitzer-Polster v. Pulitzer*, 784 F.2d 1305, 1310 (5th Cir. 1986) ("negative precedent can provide the requisite prejudice" under 19(b)); *Messerschmitt-Boelkow-Blohm v. Hughes Airc'ft Co.*, 483 F. Supp. 49, 52-53 (S.D.N.Y. 1979) ("prejudicial...persuasive effect").

⁴ The Opinion incorrectly found no prejudice to existing parties Barbara and Susan. While all the Kirbys would share in any upside, Barbara and Susan, alone, would be responsible for all litigation expenses and any downside (*e.g.*, 17 U.S.C. § 505, allowing prevailing party to seek legal fees/costs). *See Provident*, 390 U.S. at 110 (1968) (existing "party may properly wish to avoid ... sole responsibility for a liability he shares with another.").

239-240 (3d Cir. 2011) (Rule 19(b) dismissal as action will impair ability “of intellectual property” co-owners to protect their interests); *Vance v. Amer’n Soc. of Composers, etc.*, 271 F.2d 204, 208 (8th Cir. 1959)(dismissal as co-owners “are manifestly indispensable parties” to suit which could “divest the[m]” of copyright); 3 M. Nimmer & D. Nimmer, *Nimmer on Copyright* (“Nimmer”), § 12.03 Indispensable Parties, at 12-68 (“[J]oinder should occur if an issue is raised as to the validity of the copyright upon which the rights of the person to be joined, as well as those of the plaintiff, rest.”).⁵

⁵ *Id.* at 12-69 (“A number of cases have held that co-owners of a joint work were indispensable parties...”); 7 C. Wright & A. Miller, *Fed’l Pract. and Proc.*, § 1614 (“[W]hen the patent or copyright is jointly owned all proprietors have been viewed as indispensable parties...”); *Plunket v. Est. of Conan Doyle*, 2001 U.S. Dist. LEXIS 2001 at *8, 20-21 (S.D.N.Y. 2001)(heirs are “indispensable parties” where “[i]t is evident that determining plaintiff’s declaratory judgment claim [**re: notice of termination**] could affect the[ir]interests in the Literary Properties”); *Amer’n Opt’l Co. v. Curtiss*, 59 F.R.D. 644, 648 (S.D.N.Y. 1973) (As “patent ownership would be undercut” by a verdict, and “would rob [absentee co-owner] of all but nominal indices of ownership,” he is an “indispensable party.”); *First Fin. Mktg. Servs. Grp., Inc. v. Field Promot’ns, Inc.*, 286 F. Supp. 295, 298 (S.D.N.Y. 1968) (“It is familiar law that the copyright owner is an indispensable party to a suit where the validity of his copyright is in issue.”); *Scott v. Paramount Pict’s Corp.*, 449 F. Supp. 518, 520 (D.D.C. 1978) *aff’d*, 607 F.2d 494 (D.C. Cir. 1979)(co-authors “are indispensable parties” as “an adverse judgment...would certainly affect their interests.”); *Whitney, Atwood, Norcross Assocs., Inc. v. Arch’ts Collab’tive, Inc.*, 1991 U.S. Dist. LEXIS 225 (D. Mass. 1991)(Copyright owner is indispensable as action concerns copyright validity.); *Cusano v. Klein*, 196 F. Supp. 2d 1007, 1015 (C.D. Cal. 2002)(dismissal due to failure to join alleged copyright co-owner); *Key W. Hand Print Fab’cs v. Serbin, Inc.*, 244 F. Supp. 287, 288 (S.D. Fla. 1965) *aff’d*, 381 F.2d 735 (5th Cir. 1967) (dismissal due to failure to join indispensable copyright co-owner).

The Opinion disregards all this, based on (1) the assumption that Kirby's children have "identical" interests; (2) that they had the same counsel; and (3) selective quotes from *CP Solutions PTE, Ltd. v. Gen. Elec. Co.*, 553 F.3d 156 (2d Cir. 2009) and *Prescription Plan Serv. Corp. v. Franco*, 552 F.2d 493 (2d Cir. 1977), where the facts and Rule 19(b) analyses differ greatly from this case.

While equal co-owners, the four Kirby heirs do not have "identical" interests. Each possesses a separate interest under 17 U.S.C. § 304(c)(2), and has a mind of his/her own. As a majority is required to exercise and exploit the termination interest, there are inherent conflicts should they disagree. Rest. (2d) of Judgments, § 54 (1982) ("the very relationship of co-ownership is a source of continuing potential conflict"). Each could retain separate counsel at any time.

Respectfully, the Opinion's reliance on *CP Solutions* is misplaced. There, the absentee defendant was *a subsidiary* of an existing party, the plaintiff offered to amend the complaint to name only the parent, and the subsidiary could suffer no prejudice as it "was dissolved and had no assets." 553 F.3d at 160. Unlike here, prejudice was non-existent. Likewise, in *Prescription Plan*, where existing defendants were 10 of 12 trustees of a pension plan, there was no prejudice to two absentee trustees because "any judgment ... would almost certainly be satisfied out of the Plan's, not the individual's assets." 552 F.2d at 497. Moreover, "[Plaintiff] ha[d] no satisfactory alternative forum outside of New York," *id.*, unlike here.

Similarly, *Jaser v. N.Y. Prop'ty Ins. Underwrit'g Assoc.*, 815 F.2d 240,242 (2d Cir. 1987) held that non-diverse association members were not indispensable as any prejudice could easily be avoided, whereas refusing to allow the plaintiff to exclude them would leave him with no remedy, as his claim would be time barred.

In sharp contrast to these cases,⁶ Lisa and Neal stand to lose their statutory rights and, as shown in section D below, the Central District of California provided a ready and more appropriate forum with jurisdiction over all the parties.

B. The Opinion Misapplies The Second Factor (Alleviation of Prejudice)

After noting that a judgment could “[not] be crafted to alleviate [] prejudice” the Opinion suggests this is “irrelevant.” Op. 28-29. But when courts cannot alleviate prejudice, this factor too weighs in favor of dismissal.⁷

C. The Opinion Misapplies The Third Factor (Judgment Adequacy).

[Rule 19 (b)’s third criterion] refers to the “public stake in settling disputes by wholes, whenever possible.” *Provident Bank*, 390 U.S., at 111... This “social interest in the efficient administration of justice and the avoidance of multiple litigation” is an interest that has “traditionally been thought to

⁶ *CP Solutions, Prescription Plan* and *Jaser* all concern the exclusion of a non-diverse party *to preserve jurisdiction*, where the policy concerns are different. Fed. R. Civ. P. 21; *Jaser*, 815 F.2d at 242 (“very few cases should be terminated due to the absence of nondiverse parties”); *Prescription Plan*, 552 F.2d at 496 (same).

⁷ See., e.g., *Northern Arapaho Tribe v. Harnsberger*, 697 F.3d 1272, 1282-83 (10th Cir. 2012)(“[I]n light of the nature of the interests ... there would be no way to lessen or avoid the prejudice. Thus, this factor too weighs in favor of dismissal.”); *U.S. ex rel. Hall v. Tribal Dev. Corp.*, 100 F.3d 476, 480 (7th Cir. 1996) (“The second factor also cuts [in favor of dismissal]... There is no middle ground.”).

support compulsory joinder of absent and potentially adverse claimants.” *Illinois Brick Co.*, 431 U.S., at 737-738 ... Going forward with the action without the [absentee party] would not further the public interest in settling the dispute as a whole because the[y] would not be bound by the judgment...

Philippines v. Pimentel, 553 U.S. 851, 870-871 (U.S. 2008). The decision does not adequately settle this matter because it does not bind Lisa or Neal who, as the Opinion notes, are unlikely to accept it “as the last word in the dispute.” Op. 29. Consequently, there is a near certainty of multiple lawsuits and the potential for inconsistent judgments.⁸ See *Provident*, 390 U.S. at 110 (1968) (noting objective of Rule 19(b) “to avoid multiple litigation, or inconsistent relief”).⁹

D. The Opinion Misreads the Record Re: Fourth Factor (Adequate Remedy)

The Kirbys stated in their opening appellate brief:

As to the fourth F.R.C.P. 19(b) factor (whether plaintiff has an “adequate remedy” if case dismissed), ***all of the Kirbys consented to the jurisdiction of the Central District of California*** (JA(I) 46-47), providing Marvel/Disney with an alternate and more appropriate forum.

Br. 22 (Emphasis added). All four Kirbys were not only amenable to jurisdiction,

⁸ The Opinion hypothesizes that judgment against Barbara and Susan might also decide the matter as to Lisa and Neal. Op. 30. Though the decision severely prejudices Lisa and Neal, they can, still file suit under an alternate reading of the statute. Per 17 U.S.C. §304(c)(1), (2), if an author dies termination may be effected by those statutory heirs “who own...more than one-half of ...[the] termination interest.” Since the Opinion adjudged that “Barbara and Susan, are ... without termination rights under section 304(c)” (Op. 57), Lisa and Neal can claim 100% of the termination interest and file suit for enforcement of their Termination.

⁹ *Ronson Corp. v. First Stanf'd Corp.*, 48 F.R.D. 374, 377 (D. Conn. 1970) (“Where judgment...would [] result in a new lawsuit by the absentee, it is not adequate.”).

they filed suit in California because their attorney, Lisa and Neal, all reside in California, and Lisa, trustee of the Kirby Trust, a California trust, has historically managed the family's affairs. JA(I) 46-47, 64, 68, 9, 72, 76-77.

The Opinion missed this, citing instead to Marvel's brief (56-57), which misleadingly omitted it. Indeed, due to this error, the Opinion did not appreciate that a California forum offers a far more complete remedy. Marvel would not be prejudiced as two of the three Marvel plaintiffs are headquartered in California, and the third regularly conducts business there. JA (1) 21. Marvel's parent, Disney, is likewise headquartered in California. Br. 10.

Due to this misreading of the factual record the Opinion accorded great weight to Marvel's baseless contention that it would be deprived of an adequate remedy (Op. 32). On the full record, Rule 19(b)(4) favors dismissal.¹⁰

Also weighing in favor of dismissal, was Marvel's blatant forum shopping. The parties were in the midst of initial settlement discussions in mid-December, 2010, when, without warning, Marvel filed in New York right after the Holidays. Br. 9-10. After sidetracking the Kirbys, Marvel raced to an inconvenient forum where it thought the precedent most favorable, re-clothed itself as "Plaintiff" and

¹⁰ *Smith v. Kessner*, 183 F.R.D. 373, 376 (S.D.N.Y. 1998) ("The factor that weights most clearly in favor of [19(b)]dismissal is the availability of an alternate, more appropriate forum ..."); *Global Disc't Travel Servs., LLC v. TWA*, 960 F. Supp. 701, 710 (S.D.N.Y. 1997) (dismissed, "satisfactory alternative exists"); *Felix Cinema. v. Penth'se Int'l, Ltd.*, 99 F.R.D. 167, 172-73 (S.D.N.Y. 1983) (same).

drove up the Kirbys' costs.¹¹ Given that California was the more appropriate forum with jurisdiction over all parties, the district court should have transferred the case under 28 U.S.C. §§ 1404, 1406 to eliminate the prejudice to the Kirbys.

II. GIVEN THE UNDISPUTED FACTS FOUND BY THE COURT KIRBY'S CREATIONS COULD NOT BE "WORK FOR HIRE"

The Opinion found that the following critical facts were undisputed and supported by the record: In 1958-63, (i) Kirby worked out of his home and paid all expenses and overhead of creating his artwork, which Marvel did not reimburse; (ii) Marvel had no written agreement engaging Kirby's services and no legal obligation to pay for his work; (iii) Marvel was free to reject Kirby's artwork, and did not pay for material it rejected or wanted redrawn; (iv) Marvel paid Kirby by check at a page rate for that material Marvel accepted in its sole discretion. Op. 7, 52 ("Marvel was free to reject Kirbys' pages and pay him nothing for it.").

These undisputed facts justify rehearing for one dispositive reason: they are incompatible with "work for hire" under fundamental copyright doctrines. It is central to our copyright law that copyright "vest[s] in the author of an original

¹¹ Marvel's brinksmanship renders its choice of forum less than ironclad. "Courts in the Second Circuit have repeatedly refused to exercise jurisdiction over declaratory actions motivated by a desire to wrest the choice of forum from the real plaintiff." *Nat'l Union Fire Ins. Co. v. Int'l Wire Grp. Inc.*, 2003 WL 21277114 at *6 (S.D. N.Y. June 2, 2003); *see also* *Fuji Photo Film Co. v. Deep Creek Design* 1998 U.S. Dist. Lexis 19525, at *4 (S.D.N.Y. 1998)("[P]laintiffs ... should be encouraged to participate in settlement discussions without the fear that their good faith efforts will allow their adversary to commence litigation in a forum of their own choosing.")

work from the time of its creation.” *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 547 (1984). Under the 1909 Act, the author of a “work for hire” is the “employer.” 17 U.S.C. § 26 (repealed 1976). Accordingly, “with a true work for hire, copyright ownership ... [is] with the employer automatically upon the employee’s creation of the work,” and the employer is the “author” at inception. *Estate of Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 163 (2d Cir. 2003); Op. 39. Authorship cannot be based on post-creation events like Marvel’s contingent payment for material it liked – authorship is fixed at creation.

The Kirbys emphasized this dispositive point in every one of their briefs but neither court addressed it. If Marvel was not legally obligated to pay Kirby for conforming services, and did not own Kirby’s material until it chose to buy it, how could it have owned such material at inception? Whether Marvel purchased Kirby’s work more often than not (Op. 54) is immaterial to their legal relationship or its legal implications. Marvel’s revisionist “work-for-hire” defense, adopted by the Opinion, leads to contradictions. It means that Marvel authored those Kirby creations it chose to purchase, and Kirby authored those Marvel rejected.¹² This stands the “work for hire” doctrine on its head. Even Marvel has not suggested that

¹² The Opinion’s broad application of “instance and expense” leads to further contradictions. *E.g.*, a work created by a *traditional employee* “as a special job assignment, outside ... [his] regular duties” is not “work for hire,” even though the employer pays for and supervises it. *Martha Graham School & Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 380 F.3d 624, 635 (2d Cir. 2004).

it authored and owns Kirby material it rejected, and the record suggests it did not.¹³

This is even more problematic as the natural alternative – Marvel’s purchase and Kirby’s assignment of his material – is *consistently* reflected by the record and leads to no contradictions. *See* Br. 4-5, 13,46-51; Reply 7-10, 20-22. Marvel further admitted that the crux of the “expense” prong is who “b[ears] the entire financial risk associated with the creation of the Works” citing *Twentieth Century Fox Film Corp. v. Enter. Distrib’n*, 429 F.3d 869, 881 (9th Cir. 2005) and *Hogarth*, 2002 U.S. Dist. LEXIS 4219 at *57 (S.D.N.Y. Mar. 15, 2002) (JA(I) 207). The Opinion also acknowledged this. Op. 46. In the cases cited in the Opinion finding “work for hire” based on payment of a “sum certain,” including *Twentieth Century* and *Hogarth*, the employer was contractually obligated to pay, regardless of its acceptance for publication.¹⁴ Conversely, where payment was

¹³ *See* Br. 8, 40-41, 50. In fact, Kirby freely used material he had authored for a Marvel project and sold it to Marvel’s competitors. Br. 51.

¹⁴ *See Hogarth*, 342 F.3d at 163 (finding “expense” based on publisher’s contractual obligation to pay a guaranteed fixed sum); *Twentieth Century*, 429 F.3d at 881 (finding “expense” based on contractual obligation to pay “nonrefundable” cash advance); *Brattleboro Publ’g Co., v. Winmill Publ’g Corp.*, 369 F.2d 565, 568 (2d Cir. 1966) (finding “expense” as employer was obliged to bear expense of work’s creation, whether or not accepted, *Brattleboro*, 250 F. Supp. 215, 218 (D. Vt. 1966)); *Playboy Enterpr’s, Inc. v. Dumas*, 960 F. Supp. 710, 715-16 (S.D.N.Y. 1997) (publisher’s obligation to pay artist a “turn-down” fee for “unused work” weighs in favor of “work for hire”; “if Playboy had never published the work at all there would have been no reason to pay anything for it absent a work for hire relationship”), *aff’d Playboy Enterpr’s, Inc. v. Dumas* (“*Playboy*”), 53 F.3d 549, 555 (2d Cir. 1995). *See Fifty-Six Hope Rd. Music Ltd.*, 2010 U.S. Dist. LEXIS 94500, at *26-27 (S.D.N.Y. September 10, 2010) (“[employer] paid [artist]

contingent, this weighed against “work for hire,” as the author bore the risk.¹⁵

Marvel consciously avoided this risk by keeping its options open. Kirby, who invested his own time/expense, assumed the financial risk of *creation*.

The Opinion incorrectly credits Marvel’s market risks. Op. 55. This applies to all publishing, and does not distinguish “work for hire.”¹⁶ The Opinion also emphasized that Kirby’s completed artworks were “not free-standing creative works,” that Marvel expended resources publishing finished comics, and that the characters “are now valuable [a]s ... a function of Marvel’s expenditures over and above” the price paid Kirby. Op.54-55. Respectfully, this is also legally irrelevant.

At issue is *Kirby’s* artistic material, not Marvel’s comic books. A graphic comic book comprised of illustrations by one author (Kirby) and text by another (Lee) is a classic joint work in which its co-authors own an undivided share. *See Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 161 F.2d 406, 409 (2d Cir. 1946). Kirby authored and then assigned his artwork to Marvel. Upon termination of such assignments under 17 U.S.C. §304(c), Kirby’s co-author share in the joint work reverts to his children. Lee’s employment (or failure to exercise termination

advances against royalties for the creation of the [works]” and “recording costs”).

¹⁵ *Martha Graham*, 380 F.3d 640 at 641; *Playboy*, 53 F.3d at 555 (“royalty” “weighs against finding a work-for-hire relationship”); *Twentieth Century*, 429 F.3d at 881(same); 1 *Nimmer* § 5.03[B][2][d] at 5-56.8 (same).

¹⁶ *See* 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* (“Nimmer”), § 5.03[B][2] [d] at 5-56.9, n.171c; 2 W. Patry, *Patry on Copyright* (“Patry”), § 5:54 (same).

rights) does not render Kirby's co-author contributions "work for hire."¹⁷

The Opinion's "resources expended" / "value-added" factor applies to every work exploited by a media company. *See Epoch Produc'g Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 745 (2nd Cir. 1975) ("evidence that is [equally] consistent with" non-work for hire "cannot be bootstrapped."). "[I]f funding publication could convert a manuscript into a work for hire, then the category would soon subsume all published material...". *Nimmer*, § 5.03[B][2][d] at 5-56.9, n.171c.

The Opinion's reliance on Marvel's ownership of underlying rights (Op. 54) is likewise wrong under well-settled law. *See Stewart v. Abend*, 495 U.S. 207, 223 (1990) (under the 1909 Act, "[t]he aspects of a derivative work added by the derivative author are that author's property"); *Siegel*, 496 F. Supp. 2d at 1142 ("Were the Court to adopt defendants' approach every derivative work would also be [] a work made for hire."). Moreover, as to the characters at issue, Kirby himself co-authored the original work, which is subject to termination.

It is also well settled that whether a work is "made for hire" under the 1909 Act is a factual issue which turns on the objective "intent of the parties" when the works were created. *Martha Graham*, 380 F.3d at 634 n.17; *Twentieth Century*, 429 F.3d at 877 (same); *Playboy*, 53 F.3d at 556-57 (same); 1 *Nimmer* §

¹⁷ *Siegel v. Time Warner Inc.*, 496 F. Supp. 2d 1111, 1144 (C.D. Cal. 2007)(As to [Siegel/Shuster's] joint work, [DC] would own half of the copyright [as the author of Shuster's alleged work for hire or... given his [] failure to...terminat[e]...").

5.03[B][2][c] at 5-56.1 (“work for hire” under the 1909 Act “always turn[s] on the intention of the parties.”). Satisfaction of the “instance and expense” test itself only raises a presumption as to the “mutual intent of the parties.” *Id.*

Courts should not retroactively impute an intent the parties could not have had. Until 1965-66, “the courts had applied the work for hire doctrine under the 1909 Act exclusively to traditional employees.” *Cnty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989) (“CCNV”). Even if Kirby had retained sophisticated counsel, he would have been told in 1958-63 that his freelance work was not “work for hire.” JA(VIII) 2043-46, n.80 (M. Nimmer, *Nimmer on Copyright* (1963)).

All the record evidence thus pointed to the fact that Kirby assigned the freelance material Marvel chose to purchase. Their sole contemporaneous agreements consisted of assignments on the back of Marvel’s checks. Op. 56.¹⁸ Kirby’s express contemporaneous assignments of copyright ownership directly conflicts with Marvel’s revisionist “work for hire” claim. The evidence further revealed that when Marvel later intended work to be “for hire” its check legend agreements contained explicit “work for hire” language.¹⁹

¹⁸ See Br. 31, 47-48; Reply 25, 21-22. The earliest check Marvel produced with a legend mentioning “work for hire” was from 1986. JA(VII) 1818-1819.

¹⁹ Compare JA(VII) 1883 (“By endorsement ... payee, acknowledges full payment ...for my assignment to [Marvel] of any copyright ... including my assignment of ...renewal copyright.”) with JA(VII) 1818-19 (“[By] endorsement...payee acknowledges...all payee’s works are...works for hire, the property of [Marvel]”).

Numerous contemporaneous freelancers, including Marvel's own witnesses, all testified that Marvel just "purchased" that material it sought to publish. *See* Br. 6-7, 34, 49-50; Reply 3, 8-10.²⁰ *See Dolman v. Agee*, 157 F.3d 708, 712 (9th Cir. 1998). (written assignment rebuts "work for hire" presumption); *Shapiro*, 221 F.2d at 570, (no "work for hire" as employer *purchased* song).²¹

The Opinion incorrectly holds that the Kirbys presented no rebuttal evidence of a contrary agreement sufficient to reach the trier of fact; dismissing the Kirby-Marvel "assignment agreements" on the back of Marvel's checks with speculation and unsupported inferences against the non-movant. Op. 56 ("It is all too likely that...Kirby's assignments at the time he was paid...were redundancies insisted upon by Marvel to protect its rights.").²²

Notably, the cases relied upon by the panel were all tried.²³ The record evidence, at a minimum, was more than sufficient to raise a triable issue of fact.

²⁰ That Marvel did not view freelance material as "work for hire" is also shown by Marvel's concern over its failure to pay sales tax when it *purchased* it. Br. 50-51.

²¹ Purchase and assignment (not "work for hire") language even pervades Marvel's 1975 contract with Kirby and its other freelance contracts in the 1970's. Br. 47-49.

²² As Marvel drafted these contractual legends, any ambiguity must be construed against it. *See McCarthy v. Am. Int'l Group*, 283 F.3d 121, 124 (2d Cir. 2002).

²³ *See Hogarth*, 342 F.3d at 150; *Playboy*, 53 F.3d at 551; *Martha Graham*, 380 F.3d at 631. *See Simon*, 310 F.3d at 292 (*Captain America*: "[I]t will be for the [trier of fact] to determine whether Simon was the author...and, therefore, whether he can exercise § 304(c)'s termination right."); *Gary Friedrich Enterpr's, LLC v. Marvel Char'ters, Inc.*, 716 F.3d 302, 320-321 (2d Cir. N.Y. 2013) (*Ghostrider*: issues of fact "preclude granting summary judgment on the issue of authorship.").

A. The “Instance And Expense” Test Should Be Narrowly Construed

As noted (Op. 43, n.8), this Circuit’s application of “work for hire” to freelancers under the 1909 Act has been roundly “criticized,”²⁴ and “called into question” by the Supreme Court in *CCNV*, 490 U.S. at 744. In reviewing this Circuit’s vague caselaw under the 1909 Act,²⁵ the Supreme Court distinguished between an “independent contractor” and “employee,” by expressly stating that “when Congress has used the term ‘employee’ without defining it, we have concluded that Congress intended to describe the conventional master-servant relationship as understood by common-law agency doctrine.” *Id.* at 739-40. On this basis, the Supreme Court unanimously *rejected* this Circuit’s application of the “instance and expense” test to the 1976 Act, as the “paramount goal” is to “enhance predictability and certainty of copyright ownership.” *Id.* at 749-50²⁶; *see* 1 *Nimmer* § 5.03[B][1][a][ii]. Authorities read *CCNV* as overruling the “instance and expense” test under the 1909 Act. *See* 3 *Nimmer* § 9.03[D] at 9-32 to 9-34.

²⁴ *See* 3 *Nimmer* § 9.03[D], at 9-28.2 to 9-28.3 (such decisions are “wrong both on principle and under the rule of the early cases”); 2 *Patry* § 5:44 (criticizing “the worst features of [the] presumptive ‘instance and expense’ approach.”).

²⁵ The 1909 Copyright Act states only that “[t]he word author shall include an employer in the case of works made for hire.” 17 U.S.C. § 26 (repealed).

²⁶ Relevant “law of agency” factors favor the Kirbys, including “skill required; [] source of ...tools; [] location ...; discretion over when and how long to work; the method of payment; ... employee benefits[,] tax treatment,” etc. *Id.* at 751-52.

Until this case, this Circuit has never applied the ephemeral “instance and expense” test to negate termination rights. When it did address termination and “work for hire” under the 1909 Act in *Marvel v. Simon*, it did so narrowly, refusing to summarily apply the “instance and expense” test. 310 F.3d at 290-292.

In recognition of Congress’ intent to “enhance the author’s position” by adjusting “the author/publisher [im]balance,” the Supreme Court has repeatedly endorsed the “inalienable authorial right to revoke a copyright transfer.” *N.Y. Times*, 533 U.S. at 496 n.1; *Stewart v. Abend*, 495 U.S. 207, 219, 230 (1990); *Simon*, 310 F.3d at 290. If the already vague “instance and expense” test is loosely applied as it was here, the so-called “work for hire” exception will swallow the rule and effectively gut the termination rights of numerous authors to a vast number of works. *See* 17 U.S.C. §§ 304(c), (d) (applies solely to pre-1978 works).

The prolific Kirby, who redefined an industry from a small drafting board in his basement is a poster-child for the termination right – his situation exemplifies the very imbalance Congress sought to rectify. Given the concerted legislative objective to benefit authors, use of the controversial “instance and expense” test to strip freelancers like Kirby of their statutory termination right, should be reconsidered, and applied narrowly, if not abolished under *CCNV*.

CONCLUSION

For the foregoing reason, the Court should grant rehearing or rehearing en banc.

Dated: September 9, 2012
Malibu, California

/s/ Marc Toberoff

Marc Toberoff (MT 4862)

TOBEROFF & ASSOCIATES, P.C.

Attorneys for Defendants-Appellants,
Lisa R. Kirby, Neal L. Kirby, Barbara J.
Kirby, and Susan M. Kirby

CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rule of Appellate Procedure 40(b) and 32(a) and to the Court's September 4, 2013 Order granting Appellants' Motion To File Oversized Brief In Support of Petition For Rehearing Or Rehearing En Banc, not to exceed 20 pages (Dkt. No. 158), I certify that Appellants' attached Petition for Rehearing or Rehearing En Banc is proportionately spaced, has a typeface of 14 points or more, and does not exceed 20 pages, excluding the parts of the motion exempted by Rule 32(a)(7)(B)(iii).

Dated: September 9, 2013
Malibu, California

/s/ Marc Toberoff

Marc Toberoff (MT 4862)

TOBEROFF & ASSOCIATES, P.C.
22237 Pacific Coast Highway #348
Malibu, California 90265
Telephone: (310) 246-3333
Facsimile: (310) 246-3101
mtoberoff@ipwla.com

Attorneys for Defendants-Appellants,
Lisa R. Kirby, Barbara J. Kirby, Neal L.
Kirby and Susan M. Kirby

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served electronically by the Court's ECF system and by first class mail on those parties not registered for ECF pursuant to the rules of this court. Pursuant to Local Rule 35.1, fifteen paper copies of the petition have been or will be mailed via first-class mail to the Court.

Dated: September 9, 2013
Malibu, California

/s/ Marc Toberoff

Marc Toberoff (MT 4862)

TOBEROFF & ASSOCIATES, P.C.
22237 Pacific Coast Highway #348
Malibu, California 90265
Telephone: (310) 246-3333
Facsimile: (310) 246-3101
mtoberoff@ipwla.com

Attorneys for Defendants-Appellants,
Lisa R. Kirby, Barbara J. Kirby, Neal L.
Kirby and Susan M. Kirby

Exhibit 1

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: August 8, 2013

11-3333-cv
Marvel Characters, Inc. v. Kirby

1 UNITED STATES COURT OF APPEALS

2 FOR THE SECOND CIRCUIT

USDC - SDNY
1:10-cv-00141-CM-KNF

3 August Term, 2012

4 (Argued: October 24, 2012 Decided: August 8, 2013)

5 Docket No. 11-3333-cv

6 -----
7 MARVEL CHARACTERS, INCORPORATED, MARVEL WORLDWIDE,
8 INCORPORATED, MVL RIGHTS, LLC,

9 Plaintiffs-Counter-Defendants-Appellees,

10 WALT DISNEY COMPANY, MARVEL ENTERTAINMENT, INCORPORATED,

11 Counter-Defendants-Appellees,

12 - v -

13 LISA R. KIRBY, NEAL L. KIRBY, SUSAN N. KIRBY, BARBARA J.
14 KIRBY,

15 Defendants-Counter-Claimants-Appellants.

16 -----
17 Before: CABRANES, SACK, and CARNEY, Circuit Judges.

18 Appeal by the defendants-counter-claimants from a
19 judgment of the United States District Court for the
20 Southern District of New York (Colleen McMahon, Judge)
21 granting summary judgment in favor of the plaintiffs-
22 counter-defendants on their claim for declaratory relief and
23 denying the defendants-counter-claimants' cross-motion for
24 summary judgment. Plaintiffs-counter-defendants commenced

1 this lawsuit in response to notices sent by the defendants-
2 counter-claimants, the children of comic book artist Jack
3 Kirby, purporting to terminate alleged assignments in
4 certain of their father's works pursuant to
5 section 304(c)(2) of the Copyright Act of 1976. We conclude
6 that: (1) the district court incorrectly determined that it
7 had personal jurisdiction over Lisa and Neal Kirby; (2) Lisa
8 and Neal Kirby were not indispensable parties to the action
9 under Rule 19(b) of the Federal Rules of Civil Procedure;
10 and (3) the district court correctly determined that the
11 works at issue were "made for hire" under section 304(c),
12 and that Marvel was therefore entitled to summary judgment.

13 Affirmed in part; vacated in part.

14 R. BRUCE RICH (James W. Quinn, Randi
15 W. Singer, Gregory Silbert, on the
16 brief), Weil, Gotshal & Manges LLP,
17 New York, New York; David Fleischer,
18 Haynes and Boone, LLP, New York, New
19 York for Plaintiffs-Counter-
20 Defendants-Appellees and Counter-
21 Defendants-Appellees.

22 MARC TOBEROFF, Toberoff &
23 Associates, P.C., Malibu,
24 California, for Defendants-Counter-
25 Claimants-Appellants.

26 SACK, Circuit Judge:

27 This appeal requires us to revisit our case law
28 applying the work-for-hire doctrine in the context of
29 section 304 of the Copyright Act of 1976 (or, the "1976

1 Act"), 17 U.S.C. § 304. Defendants-counter-claimants-
2 appellants Lisa, Neal, Susan, and Barbara Kirby
3 (collectively, the "Kirbys") are the children of the late
4 Jack Kirby. Kirby is considered one of the most influential
5 comic book artists of all time. At various times throughout
6 his career, he produced drawings for Marvel Comics, a comic
7 book publisher that has since grown into the multifaceted
8 enterprise reflected in the case caption: Marvel
9 Characters, Inc., Marvel Worldwide, Inc., MVL Rights, LLC,
10 and Marvel Entertainment, Inc. (collectively, "Marvel"). At
11 issue here are the rights to drawings Kirby allegedly
12 created between 1958 and 1963.

13 The Kirbys appeal from the district court's grant
14 of summary judgment to Marvel, which was based on the
15 conclusion that all of the works at issue are "works made
16 for hire" within the meaning of section 304(c), and that the
17 Kirbys therefore have no rights to the works. Two of the
18 Kirbys, Lisa and Neal, also challenge the district court's
19 conclusion that it had personal jurisdiction over them under
20 New York's long-arm statute. They further argue that they
21 are indispensable parties under Rule 19(b) of the Federal
22 Rules of Civil Procedure, such that their absence from this
23 lawsuit (by virtue of the district court's lack of personal

1 jurisdiction over them) requires that the suit be dismissed
2 in its entirety.

3 We conclude that the district court was without
4 personal jurisdiction over Lisa and Neal. We therefore
5 vacate the judgment as against them. We also find, however,
6 that Lisa and Neal are not indispensable parties to this
7 lawsuit, and that the district court was correct in
8 concluding that the works at issue are "works made for hire"
9 under section 304(c). We therefore affirm the judgment as
10 to defendants Barbara and Susan.

11 BACKGROUND

12 In this appeal from the grant of summary judgment,
13 we view the evidence in the light most favorable to the
14 nonmovants, the Kirbys for present purposes, and draw all
15 reasonable inferences in their favor. See, e.g., Singer v.
16 Ferro, 711 F.3d 334, 339 (2d Cir. 2013).

17 Jack Kirby

18 Jack Kirby, born Jacob Kurtzberg in New York
19 City's Lower East Side in 1917, began his career in the
20 comic book business in the late 1930s. In the summer of
21 1940, a young woman named Rosalind moved into the apartment
22 above his with her family. The day they met, Kirby asked
23 Rosalind if she "[w]ould like to see [his] etchings[.]" She
24 thought he wanted "to fool around"; he only wanted to show

her his drawings for a new comic book series called Captain America. John Morrow, "Would You Like to See My Etchings?": Rosalind Kirby Interviewed (conducted Dec. 12, 1995), THE JACK KIRBY COLLECTOR, April 1996, at 6. Kirby and "Roz" were married in 1942. After Kirby's military service in World War II, the couple had four children: Susan, Neal, Barbara, and Lisa.

Kirby's career in comic book illustration spanned more than half a century. His influence was substantial. An obituary marking his death in 1994 quoted Joe Simon, Kirby's creative partner for fifteen years: "He brought the action drawing to a new level. His style was imitated all over and still is today to a certain extent." Jack Kirby, 76; Created Comic Book Superheroes, N.Y. TIMES, Feb. 8, 1994, at D22.

Kirby was prolific, too. In 1951 alone, 308 pages of Kirby's work appeared in published comic books. This output was typical for him in the years between 1940 and 1978.

Marvel Comics and Stan Lee

Marvel was founded as Timely Comics in 1939 by one Martin Goodman. In 1940, Marvel purchased the first ten issues of Captain America from Kirby and Joe Simon. But

1 Kirby and Simon would soon move on to a competitor, DC
2 Comics. To replace them, Goodman hired one Stanley Lieber.

3 Lieber would come to be known by his pen name,
4 Stan Lee. Lee is in his own right a towering figure in the
5 comic book world, and a central one in this case. He in
6 effect directed Marvel from the early 1940s until sometime
7 in the 1970s, serving, in his words, as "Editor," "Art
8 Director" and "a staff writer." Deposition of Stan Lee
9 ("Lee Dep."), May 13, 2010, at 17, Joint App'x at 2437. He
10 continued to work for Marvel in one capacity or another at
11 least to the day of his deposition testimony in this
12 litigation.

13 But in the 1940s and 50s, Marvel, hobbled by poor
14 business decisions, was hardly a success story.¹ In 1958,
15 Kirby began producing drawings for Marvel once again. And
16 by 1961, its fortunes began to change. That year, Marvel
17 released the first issues of The Fantastic Four. On its
18 heels were releases of the first issues of some of Marvel's

¹ Certainly not helping matters was a mid-1950s investigation by the United States Senate into comics' alleged corrupting influence on America's youth. On April 21, 1954, a subcommittee of the Senate Judiciary Committee held a televised hearing on the topic. Louis Menand, The Horror: Congress investigates the comics, THE NEW YORKER, Mar. 31, 2008, at 124. The venue was the United States Courthouse at 40 Foley Square in New York City -- named in 2001 the "Thurgood Marshall United States Courthouse" -- in which this opinion was prepared. Id.

1 most enduring and profitable titles, including The
2 Incredible Hulk, The X-Men, and Spider-Man.

3 Kirby's Relationship with Marvel from 1958-1963

4 This litigation concerns the property rights in
5 262 works published by Marvel between 1958 and 1963. Who
6 owns these rights depends upon the nature of Kirby's
7 arrangement with Marvel during that period.

8 It is undisputed that Kirby was a freelancer,
9 i.e., he was not a formal employee of Marvel, and not paid a
10 fixed wage or salary. He did not receive benefits, and was
11 not reimbursed for expenses or overhead in creating his
12 drawings. He set his own hours and worked from his home.
13 Marvel, usually in the person of Stan Lee, was free to
14 reject Kirby's drawings or ask him to redraft them. When
15 Marvel accepted drawings, it would pay Kirby by check at a
16 per-page rate.

17 Despite the absence of a formal employment
18 agreement, however, the record suggests that Kirby and
19 Marvel were closely affiliated during the relevant time
20 period. Lee assigned Kirby, whom he considered his best
21 artist, a steady stream of work during that period. See Lee
22 Dep. at 36, Joint App'x at 2456 ("I wanted to use Jack for
23 everything, but I couldn't because he was just one guy.");

1 id. at 37, Joint App'x at 2457 ("So I said: All right,
2 forget it, Jack. I will give [the Spider-Man strip] to
3 somebody else. Jack didn't care. He had so much to do.");
4 id. at 30, Joint App'x 2450 ("He got the highest [rate]
5 because I considered him our best artist.").

6 And Kirby seems to have done most of his work with
7 Marvel projects in mind. Although the Kirby children assert
8 that their father could and did produce and sell his work to
9 other publishers during those years, lists of Kirby's works
10 cited by both parties establish that the vast majority of
11 his published work in that time frame was published by
12 Marvel (or Atlas Comics, as part of Marvel Comics Group).

13 The specifics of Kirby and Marvel's creative
14 relationship during this time period are less clear.

15 According to Lee, at the relevant time, artists
16 worked using what the parties call the "Marvel Method." It
17 was developed as a way to "keep a lot of artists busy" when
18 Lee or another writer could not provide the artist with a
19 completed script. Lee Dep. at 21, Joint App'x at 2441. The
20 first step was for Lee to meet with an artist at a "plotting
21 conference." Id. at 39-40, Joint App'x at 2459-60. Lee
22 would provide the artist with a "brief outline" or
23 "synopsis" of an issue; sometimes he would "just talk . . .

1 with the artist" about ideas. Id. at 35, Joint App'x at
2 2455. The artist would then "draw it any way they wanted
3 to." Id. at 21, Joint App'x at 2441. Then a writer, such
4 as Lee, would "put in all the dialogue and the captions."
5 Id. According to Lee, he "maintain[ed] the ability to edit
6 and make changes or reject what the other writers or artists
7 had created." Id. at 22, Joint App'x at 2442.

8 Lee testified that he worked this way with Kirby
9 "for years":

10 And Jack Kirby and I would, let's say
11 when we did the Fantastic Four, I first
12 wrote a synopsis of what I thought the
13 Fantastic Four should be, who the
14 characters should be, what their
15 personalities were. And I gave it to
16 Jack, and then I told him what I thought
17 the first story should be, how to open
18 it, who the villain should be, and how we
19 would end it. And that was all. Jack
20 went home and drew the whole thing. I
21 put the dialogue in.

22 Id. at 118, Joint App'x at 2538.

23 Other evidence in the record, including some of
24 Lee's own deposition testimony, indicates, however, that
25 Kirby had a freer hand within this framework than did
26 comparable artists. For example, Lee explained that
27 "instead of telling [Kirby] page by page" what to draw, Lee
28 might simply tell him to "[d]evote five pages to this, five
29 pages to that, and three pages to that." Id. at 70, Joint

1 App'x at 2490. Sometimes during plotting sessions, Kirby
2 might "contribute something or he might say, 'Stan, let's
3 also do this or do that.'" Id. at 41, Joint App'x at 2461.

4 It is beyond dispute, moreover, that Kirby made
5 many of the creative contributions, often thinking up and
6 drawing characters on his own, influencing plotting, or
7 pitching fresh ideas.

8 The Termination Notices

9 The dispute before us began in September 2009,
10 when the Kirbys served various Marvel entities with
11 documents entitled "Notice of Termination of Transfer
12 Covering Extended Renewal Term" (the "Termination Notices").
13 The Termination Notices purport to exercise statutory
14 termination rights under section 304(c)(2) of the Copyright
15 Act of 1976, 17 U.S.C. § 304, with respect to 262 works in
16 all.

17 Each notice states an effective date sometime in
18 the future, presumably between 2014 and 2019. The effective
19 dates are calculated according to section 304(c)'s timing
20 provision, which states in relevant part that
21 "[t]ermination . . . may be effected at any time during a
22 period of five years beginning at the end of fifty-six years

1 from the date copyright was originally secured" 17
2 U.S.C. § 304(c)(3).

3 Procedural History

4 Marvel filed this lawsuit on January 8, 2010. It
5 sought a declaration that the Kirbys have no termination
6 rights under section 304(c)(2), and that the Termination
7 Notices are therefore ineffective. Marvel's claim was
8 premised on its contention that all of the works were "made
9 for hire" by Jack Kirby for Marvel within the definition of
10 section 304(c).

11 On March 9, 2010, the Kirbys filed a motion to
12 dismiss the complaint. Lisa and Neal Kirby, residents of
13 California, sought dismissal on the ground that they were
14 not subject to personal jurisdiction in New York State.
15 (The other Kirby siblings, Susan and Barbara, are residents
16 of New York and do not contest personal jurisdiction.) The
17 Kirbys also argued that Lisa and Neal are indispensable to
18 the action under Fed. R. Civ. P. 19, and that Marvel's
19 entire suit must therefore be dismissed as against all
20 parties.

21 The district court denied the motion on April 14,
22 2010. Marvel Worldwide, Inc. v. Kirby, No. 10 Civ. 141,
23 2010 WL 1655253, 2010 U.S. Dist. LEXIS 38701 (S.D.N.Y. Apr.

1 14, 2010). It concluded that it had personal jurisdiction
2 over Lisa and Neal under New York's long-arm statute, and
3 that the exercise of this jurisdiction was consistent with
4 constitutional due process. Id. at *3-*9; 2010 U.S. Dist.
5 LEXIS 38701, at *7-*25. It therefore did not reach the
6 question of whether Lisa and Neal were indispensable
7 parties.

8 The Kirbys answered Marvel's complaint and
9 asserted several counterclaims of their own. Marvel moved
10 to dismiss each of them. On November 22, 2010, the district
11 court granted the motion as to all but the Kirbys'
12 counterclaim seeking a declaration that the Termination
13 Notices were valid. Marvel Worldwide, Inc. v. Kirby, 756
14 F. Supp. 2d 461 (S.D.N.Y. 2010).

15 In early 2011, after discovery was complete, the
16 parties cross-moved for summary judgment. Marvel also moved
17 to exclude some of the Kirbys' evidence, most notably the
18 reports of the Kirbys' putative expert witnesses, John
19 Morrow and Mark Evanier.

20 On July 28, 2011, the district court granted
21 Marvel's motions to exclude Morrow and Evanier's testimony,
22 and granted Marvel's motion for summary judgment. Marvel
23 Worldwide, Inc. v. Kirby, 777 F. Supp. 2d 720 (S.D.N.Y.

2011). It relied upon case law in this Circuit applying the so-called "instance and expense test" to determine whether a work is "made for hire" under section 304(c). Id. at 738-43. The court concluded that undisputed facts in the record establish as a matter of law that the works at issue were made at Marvel's instance and expense, and were therefore works made for hire. Id. This being so, the Kirbys had no termination rights, and their Termination Notices were ineffective. The district court entered judgment accordingly on August 8, 2011.

The Kirbys appeal.

DISCUSSION

I. Personal Jurisdiction over Lisa and Neal Kirby

We turn first to the issue of personal jurisdiction over Lisa and Neal Kirby. Lisa and Neal are California residents. They contend that the district court erred when it determined that New York State's long-arm statute provided a basis for jurisdiction over them in the Southern District of New York. We review a district court's legal conclusions concerning its exercise of personal jurisdiction de novo, and its underlying factual findings for clear error. D.H. Blair & Co., Inc. v. Gottdiener, 462 F.3d 95, 103 (2d Cir. 2006).

1 A district court must have a statutory basis for
2 exercising personal jurisdiction. See Grand River
3 Enterprises Six Nations, Ltd. v. Pryor, 425 F.3d 158, 165
4 (2d Cir. 2005). Because this is "a federal question case
5 where a defendant resides outside the forum
6 state, . . . [and the relevant] federal statute does not
7 specifically provide for national service of process," PDK
8 Labs, Inc. v. Friedlander, 103 F.3d 1105, 1108 (2d Cir.
9 1997) (internal quotation marks omitted), we apply "the
10 forum state's personal jurisdiction rules," id. We
11 therefore look to New York State law.

12 We focus our attention on section 302(a)(1) of New
13 York State's long-arm statute, N.Y. C.P.L.R. § 302(a)(1),
14 upon which the district court rested its jurisdiction, and
15 which Marvel invokes here. Section 302(a)(1) provides that
16 "a court may exercise personal jurisdiction over any non-
17 domiciliary . . . who in person or through an agent . . .
18 transacts any business within the state" Id. We
19 have recognized that for section 302(a)(1) to apply, "'it is
20 essential . . . that there be some act by which the
21 defendant purposefully avails [herself] of the privilege of
22 conducting activities within the forum State, thus invoking
23 the benefits and protections of its laws.'" Beacon

1 Enterprises, Inc. v. Menzies, 715 F.2d 757, 766 (2d Cir.
2 1983) (alteration in original) (quoting George Reiner and
3 Co. v. Schwartz, 41 N.Y.2d 648, 650, 363 N.E.2d 551, 553,
4 394 N.Y.S.2d 844, 846 (1977)).

5 Under the facts of this case, the only acts that
6 could potentially give rise to section 302(a)(1)
7 jurisdiction over Lisa and Neal are the sending of the
8 Termination Notices to Marvel in New York. We conclude that
9 this is an insufficient basis for personal jurisdiction.

10 In Beacon Enterprises, supra, we applied section
11 302(a)(1) in a declaratory judgment suit very similar to
12 this one. The defendant there, Mary Menzies, thought that
13 the plaintiff, Beacon, was infringing her trademarks and
14 copyrights in a line of weight-loss garments designed to
15 emulate the effects of a sauna. Beacon Enterprises, 715
16 F.2d at 760. Menzies sent a cease-and-desist letter to
17 Beacon at its New York City headquarters, threatening
18 litigation. Id. Upon receiving it, Beacon filed a suit in
19 the United States District Court for the Southern District
20 of New York, seeking a judgment declaring that its products
21 did not infringe Menzies' intellectual property rights. Id.

22 We concluded that Menzies' mailing of the cease-
23 and-desist letter into New York was insufficient to give

1 rise to personal jurisdiction over her under section
2 302(a)(1). Id. at 762, 766. We pointed out that "New York
3 courts have consistently refused to sustain section
4 302(a)(1) jurisdiction solely on the basis of defendant's
5 communication from another locale with a party in New York."
6 Id. at 766 (collecting cases). And we thought it "difficult
7 to characterize Menzies' letter alleging infringement in an
8 unspecified locale and threatening litigation in an
9 unspecified forum as an activity invoking the 'benefits and
10 protections' of New York law." Id.

11 In Ehrenfeld v. Bin Mahfouz, 9 N.Y.3d 501, 881
12 N.E.2d 830, 851 N.Y.S.2d 381 (2007), the New York Court of
13 Appeals, responding to a certified question from us,
14 confronted a somewhat analogous fact pattern. There, the
15 defendant had obtained a default judgment against the
16 plaintiff in English courts for the plaintiff's allegedly
17 libelous statements. Id. at 505, 881 N.E.2d at 832, 851
18 N.Y.S.2d at 383. The plaintiff brought suit in federal
19 court in the Southern District of New York seeking a
20 declaration that she could not be held liable for defamation
21 under the circumstances of that case, and that the
22 defendant's default judgment was therefore not enforceable
23 against her in New York. She argued that the "defendant

1 ha[d] transacted business in New York because he
2 purposefully projected himself into the state to further a
3 'foreign litigation scheme' -- the libel suit in England --
4 "designed to chill her speech." Id. at 508, 881 N.E.2d at
5 834, 851 N.Y.S.2d at 385.

6 When the case came before us on appeal, we
7 certified to the New York Court of Appeals the question
8 whether section 302(a)(1) conferred jurisdiction in the
9 circumstances presented. Id. at 504, 881 N.E.2d at 831, 851
10 N.Y.S.2d at 382; see Ehrenfeld v. Bin Mahfouz, 489 F.3d 542,
11 551 (2d Cir. 2007). The Court of Appeals answered in the
12 negative, reasoning:

13 Here, none of defendant's relevant New
14 York contacts have invoked the privileges
15 or protections of our State's laws.
16 Quite to the contrary, his communications
17 in this state were intended to further
18 his assertion of rights under the laws of
19 England. As defendant points out -- and
20 plaintiff does not dispute -- his
21 prefiling demand letter and his service
22 of documents were required under English
23 procedural rules governing the
24 prosecution of defamation actions. And
25 in none of his letters to plaintiff did
26 defendant seek to consummate a New York
27 transaction or to invoke our State's
28 laws.

29 Ehrenfeld, 9 N.Y.3d at 509, 881 N.E.2d at 835, 851 N.Y.S.2d
30 at 386.

1 Beacon Enterprises and Ehrenfeld point to the
2 result of the jurisdictional inquiry here.

3 Like the defendants in those cases, Lisa and Neal
4 were not "present" in New York -- whether physically or
5 through some other continuous contact² -- in connection with
6 the underlying dispute in this case. This factor is not
7 alone dispositive, of course. Cf. Deutsche Bank Sec., Inc.
8 v. Montana Bd. of Invs., 7 N.Y.3d 65, 71, 850 N.E.2d 1140,
9 1142, 818 N.Y.S.2d 164, 166-67 (2006) ("[P]roof of one
10 transaction in New York is sufficient to invoke
11 jurisdiction, even though the defendant never enters New
12 York." (internal quotation marks omitted)). It does,
13 however, set this action apart from those the New York Court
14 of Appeals has described as "the clearest sort of case[s] in
15 which [New York] courts would have 302 jurisdiction," George
16 Reiner & Co., Inc. v. Schwartz, 41 N.Y.2d 648, 652 (1977), a
17 notion plainly grounded in constitutional principles of due

² The New York Court of Appeals has recognized that an individual, although not physically present in the state, may still be present in the relevant sense through some "direct and personal involvement" in "sustained and substantial transaction of business." Parke-Bernet Galleries v. Franklyn, 26 N.Y.2d 13, 18, 256 N.E.2d 506, 508, 308 N.Y.S.2d 337, 340 (1970). Participation in an auction by phone is one example. Id. Marvel does not allege such a connection in this case, and we do not perceive one in the record.

1 process developed by the federal courts in and since
2 International Shoe Co. v. Washington, 326 U.S. 310 (1945).

3 Neither were Lisa and Neal's communications part,
4 or in contemplation, of a course of business dealings with
5 Marvel. This distinguishes them from the sort of
6 communications we found sufficient to confer section
7 302(a)(1) jurisdiction in PDK Labs, a case relied upon by
8 the district court, but distinguished in Ehrenfeld, 9 N.Y.3d
9 at 510, 881 N.E.2d at 836, 851 N.Y.S.2d at 387. In PDK
10 Labs, we concluded that the defendant had "purposefully
11 availed himself of the New York forum by using [his agent]
12 in New York and apparently elsewhere for many years to
13 advance his interest in his unique 'product' through
14 soliciting funds and negotiating royalty agreements." PDK
15 Labs, 103 F.3d at 1111; see also Hoffritz for Cutlery, Inc.
16 v. Amajac, Ltd., 763 F.2d 55, 57 (2d Cir. 1985) (concluding
17 that contract negotiated in part in New York, signed in
18 Georgia and New York, and containing a New York forum
19 selection clause constituted "transaction of business" in
20 New York under section 302(a)(1)). Here, by contrast, the
21 Termination Notices bear no indication that the Kirbys were
22 negotiating or cared to negotiate for or solicit Marvel's
23 business.

1 Finally, and perhaps most importantly, the
2 Termination Notices, like the letter in Beacon Enterprises
3 and the communications in Ehrenfeld, asserted legal rights
4 under a body of law other than New York's. What the Kirby
5 siblings seek to vindicate are purported termination rights
6 under section 304(c) of the federal copyright laws; they
7 seek no privilege or benefit conferred by New York State
8 law. Section 304(c)(4), moreover, states that termination
9 rights "shall be effected by serving an advance notice in
10 writing upon the grantee [of the initial assignment] or the
11 grantee's successor in title." The Termination Notices thus
12 not only seek to vindicate rights under federal law, they
13 also are a compulsory feature of that body of law.

14 We think these factors foreclose the exercise of
15 section 302(a)(1) jurisdiction in the circumstances of this
16 case. We conclude that a communication from out-of-state,
17 required for the exercise of rights conferred under a
18 federal statute, cannot alone constitute a purposeful
19 availment of "the benefits and protections of [New York's]
20 laws," at least where the only connection to New York is
21 that the recipient's business headquarters has a New York
22 address.

1 Marvel's principal argument to the contrary rests
2 on the premise that the Termination Notices are self-
3 executing, legally effective communications. They are
4 therefore different from the cease-and-desist letter at
5 issue in Beacon Enterprises, Marvel contends, because there
6 the notice did no more than advise the recipient of alleged
7 infringement and threaten future litigation.

8 To begin with, we doubt Marvel's is an entirely
9 accurate characterization of the Termination Notices: They
10 are necessary to the exercise of the termination rights, but
11 only the additional act of filing the notices with the
12 Copyright Office consummates the legal act of termination.
13 See 17 U.S.C. § 304(c)(4)(A). In any event, Marvel does not
14 explain why the notices' legal effect under federal
15 copyright law renders the act of mailing them any more a
16 "transaction of business" or a purposeful invocation of the
17 benefits and protections of New York law than would be other
18 communications.

19 Marvel also points to the notices' effects on
20 Marvel in New York, characterizing them as "target[ing] the
21 center of gravity of Marvel's publishing business," and of
22 having been "designed to disrupt and divert license fees
23 from Marvel's New York-based business," leaving Marvel with

1 "no option but to protect its rights and those of its
2 licensees." Appellees' Br. at 47-48 & n.17. These
3 statements may well be essentially true, if perhaps a bit
4 hyperbolic. But the Court in Ehrenfeld rejected virtually
5 identical arguments based on the alleged in-state effects of
6 the English default judgment that the defendant had obtained
7 in the defamation case against the plaintiff, and the in-
8 state action that that judgment would compel. See
9 Ehrenfeld, 9 N.Y.3d at 511, 881 N.E.2d 830, 837, 851
10 N.Y.S.2d 381, 388. Cf. Whitaker v. Am. Telecasting, Inc.,
11 261 F.3d 196, 209 (2d Cir. 2001) (finding that "financial
12 consequences in New York due to the fortuitous location of
13 plaintiffs" are insufficient to confer jurisdiction under
14 section 302(a)(3)). We read Ehrenfeld strongly to suggest
15 that we reject Marvel's arguments in this regard here.

16 Finally, we are unpersuaded by Marvel's attempts
17 to connect Lisa and Neal with New York through their
18 relationship with other family members. Appellees' Br. at
19 51; see also Marvel Worldwide, Inc., 2010 WL 1655253, at *4-
20 *5, 2010 U.S. Dist. LEXIS 38701, at *10-*12. The problem
21 with these arguments -- whether they seek to endow Lisa and
22 Neal with their father's jurisdictional status, or to
23 analyze their contacts with New York "collectively" with

1 their other siblings -- is that they identify no legal
2 mechanism by which Jack's, Barbara's, or Susan's actions
3 become those of Lisa or Neal. Absent a bona fide agency
4 relationship -- the existence of which no one has asserted -
5 - there is no basis for imputing to Lisa and Neal actions by
6 their father half a century ago, or coincident actions by
7 their siblings who now live in New York and for that reason
8 are subject to personal jurisdiction here. Doing so would
9 stretch the text of section 302 beyond the breaking point,
10 see N.Y. C.P.L.R. § 302(a) (referring to transaction of
11 business "in person or through an agent").

12 We conclude that the district court lacked
13 personal jurisdiction over Lisa and Neal Kirby. We
14 therefore vacate the district court's judgment as against
15 those two Kirbys.

16 **II. Compulsory Joinder**

17 The Kirbys next argue that the absence of personal
18 jurisdiction over Lisa and Neal requires vacatur of the
19 judgment as against Barbara and Susan too. They rely on
20 Federal Rule of Civil Procedure 19: "Required Joinder of
21 Parties."

1 **A. Federal Rule of Civil Procedure 19**

2 Rule 19 recognizes exceptional circumstances in
3 which the plaintiff's choice of parties or forum must give
4 way because of an absent party's interest in the outcome of
5 the action or involvement in the underlying dispute. See
6 generally 7 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE
7 AND PROCEDURE § 1602 (3d ed. 2008). The Rule's principal
8 provisions are divided into two subsections. Subsection (a)
9 protects certain parties by deeming them "required"; a party
10 who is "required" according to the factors enumerated in
11 subsection (a) is one whose participation is so desirable or
12 important that the party must be joined so long as she or he
13 is "subject to service of process" and joinder "will not
14 deprive the court of subject-matter jurisdiction." Fed. R.
15 Civ. P. 19(a)(1).

16 Subsection (b) addresses situations in which a
17 party otherwise "required" under subsection (a) cannot be
18 joined for some reason, for example (as in this case), want
19 of personal jurisdiction. In such circumstances, Rule 19(b)
20 requires courts to consider whether, "in equity and good
21 conscience," the party is one without whom the action
22 between the remaining parties cannot proceed -- or, in the
23 traditional terminology, whether the absent party is

"indispensable." Fed. R. Civ. P. 19(b); see also CP Solutions PTE, Ltd. v. General Electric Co., 553 F.3d 156, 159 n.2 (2d Cir. 2009) (per curiam).

We assume, for present purposes, that Lisa and Neal are "required" parties under Rule 19(a). They are also parties whose joinder is not feasible, inasmuch as we conclude that they are not amenable to personal jurisdiction in the Southern District of New York, and they are unwilling to consent to suit within the jurisdiction. The remainder of this discussion, then, centers on the effects of Rule 19(b) on these proceedings.

B. Indispensability

Because of the "flexible nature of Rule 19(b) analysis," we review a district court's decision under that rule for abuse of discretion.³ Universal Reinsurance Co., Ltd. v. St. Paul Fire & Marine Ins. Co., 312 F.3d 82, 87 (2d

³ The standard of review applicable to Rule 19(b) is apparently the subject of a circuit split. See National Union Fire Ins. Co. v. Rite Aid of South Carolina, Inc., 210 F.3d 246, 250 n.7 (4th Cir. 2000) (recognizing the split and collecting cases); compare Universal Reinsurance Co., 312 F.3d at 87 (abuse of discretion), with Keweenaw Bay Indian Community v. Michigan, 11 F.3d 1341, 1346 (6th Cir. 1993) (abuse of discretion for Rule 19(a), but de novo for Rule 19(b)). In Republic of Philippines v. Pimentel, 553 U.S. 851 (2008), the Supreme Court passed on an opportunity to resolve the question, although it did suggest that the Rule's "in equity and good conscience" language "implies some degree of deference to the district court," id. at 864.

1 Cir. 2002). Here, however, the district court decided --
2 mistakenly, as we have explained -- that it had personal
3 jurisdiction over Lisa and Neal. The court therefore had no
4 occasion to apply Rule 19(b).

5 It is ordinarily appropriate for us to vacate the
6 judgment of a district court and remand the cause to it when
7 matters committed to that court's discretion arise for the
8 first time on appeal. See CP Solutions, 553 F.3d at 161.
9 But where a record is fully developed and it discloses that,
10 in our judgment, only one possible resolution of such an
11 issue would fall "within the permissible range of choices" -
12 - in other words, where only one determination by the
13 district court would be within its discretion -- there is no
14 reason to remand. Id. If we did and the court decided to
15 the contrary, we would be duty bound to reverse in any event
16 on the grounds of abuse of discretion.

17 In this case, the parties have fully briefed the
18 Rule 19(b) issue on appeal, and the facts are
19 straightforward and undisputed. Only one result, we think,
20 is permissible. We therefore resolve the issue in the first
21 instance.⁴

⁴ There is some authority, albeit none from this Circuit, suggesting that a court of appeals may apply Rule 19 in the first instance when the issue arises for the first time on appeal.

1 Rule 19(b) sets forth four considerations that
 2 will ordinarily be among those relevant to the analysis of
 3 whether a party is "indispensable." We have restated them
 4 as: "(1) whether a judgment rendered in a person's absence
 5 might prejudice that person or parties to the action, (2)
 6 the extent to which any prejudice could be alleviated, (3)
 7 whether a judgment in the person's absence would be
 8 adequate, and (4) whether the plaintiff would have an
 9 adequate remedy if the court dismissed the suit." CP
 10 Solutions, 553 F.3d at 159.

See, e.g., Fidelity & Casualty Co. v. Reserve Ins. Co., 596 F.2d 914, 918 (9th Cir. 1979) (considering indispensability in the first instance on appeal in deciding applicability of Fed. R. Civ. P. 21, which permits courts to add or drop parties to avoid dismissing an action); Anrig v. Ringsby United, 591 F.2d 485, 489-92 (9th Cir. 1978) (faulting the district court for failing to consider the dispensability of parties prior to dismissing the entire case, and proceeding to address the question in the first instance); see also Walsh v. Centeio, 692 F.2d 1239, 1241-42 (9th Cir. 1982) (discussing case law in analysis of applicable standard of review of dismissals under Rule 19(b)); Cloverleaf Standardbred Owners Ass'n, Inc. v. National Bank of Washington, 699 F.2d 1274, 1277 n.5 (D.C. Cir. 1983) (suggesting, in dicta, that a court of appeals may apply Rule 19 itself in "cases in which Rule 19 does not figure in a district court's decision but becomes an issue on appeal in conjunction with a jurisdiction or venue challenge pursued by one or more of several defendants").

That we may (or ought to) do so is perhaps born of the notion that we have an independent equitable obligation to protect the interests of absentee parties. See MasterCard Int'l Inc. v. Visa Int'l Service Ass'n, Inc., 471 F.3d 377, 382-83 (2d Cir. 2006). Inasmuch as we conclude that there is indeed only one permissible outcome here, however, we need not rest our decision on this basis.

1 Applying these factors requires an understanding
2 of the legal interests at stake, here the Kirbys'
3 termination rights under section 304(c). Central to the
4 current discussion is paragraph (1) of section 304(c), and
5 in particular the following provision: "In the case of a
6 grant executed by one or more of the authors of the work,
7 termination of the grant may be effected, . . . if such
8 author is dead, by the person or persons who . . . own and
9 are entitled to exercise a total of more than one-half of
10 that author's termination interest." 17 U.S.C. § 304(c)(1)
11 (emphasis added); see also id. § 304(c)(6)(C).

12 The parties interpret this to mean that at least
13 three of the four Kirbys -- "more than one-half" -- must
14 "effect" termination of their father's assignment in order
15 for any of them to realize their termination rights.
16 Appellants' Br. at 21; Appellees' Br. at 55. So, all seem
17 to acknowledge, if Barbara and Susan Kirby are disabled by
18 an adverse judgment in this suit from effecting termination,
19 all four Kirbys lose.

20 Under this interpretation of section 304(c)(1),
21 which we assume without deciding is correct, several of the
22 possible Rule 19(b) considerations are irrelevant. Marvel
23 cannot, and does not, complain that a judgment rendered in

1 Lisa and Neal's absence prejudices it in any way, because it
2 should be satisfied by a judgment against Barbara and Susan
3 that forecloses Lisa and Neal's rights too. Nor can Barbara
4 and Susan claim prejudice. Any judgment here stands to
5 reflect the full and fair adjudication of their rights under
6 section 304(c). And whatever the result, there is no risk
7 that Barbara and Susan will somehow bear in full a legal
8 obligation that is properly shared by their absent siblings.
9 There is thus no prejudice to Marvel, Barbara, or Susan as
10 "existing parties." Fed. R. Civ. P. 19(b)(1).

11 We also do not see how a judgment in this case
12 could be crafted to alleviate any prejudice that may exist
13 to absent parties Lisa and Neal. See Fed. R. Civ. P.
14 19(b)(2). The judgment here will declare the existence vel
15 non of Barbara and Susan's termination rights, and whatever
16 the practical effect of this declaration, it can do no more
17 or less.

18 Finally, although we can hardly be confident that
19 the absent parties in this case will accept a judgment as
20 the last word in this dispute, we think that any judgment
21 would be "adequate," Fed. R. Civ. P. 19(b)(3), in the sense
22 of honoring the "public stake in settling disputes by
23 wholes, whenever possible." CP Solutions, 553 F.3d at 160

(internal quotation marks omitted). If Marvel wins against Barbara and Susan, the parties' interpretation of section 304(c)(1) implies that the issue is resolved as to all Kirbys; if Barbara and Susan prevail, principles of issue preclusion would likely bar Marvel from relitigating the issue against Lisa and Neal. See RESTATEMENT (SECOND) OF JUDGMENTS § 29 (1982).

This leaves us with two factors to consider. The first is potential prejudice to Lisa and Neal arising from their absence. Fed. R. Civ. P. 19(b)(1). They complain that by operation of section 304(c)(1)'s "more than one-half" requirement, they stand to have their legal rights finally determined in their absence. Appellants' Br. at 21-22. This argument appeals to our "'deep-rooted historic tradition that everyone should have his own day in court.'" See Richards v. Jefferson County, 517 U.S. 793, 798 (1996) (quoting 18 CHARLES ALAN WRIGHT, ARTHUR R. MILLER, EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE § 4449 (3d ed. 2008)).

But the law in this context and elsewhere "'recognize[s] an exception to the general rule when, in certain limited circumstances, a person, although not a party, has his interests adequately represented by someone with the same interests who is a party.'" Id. (quoting

1 Martin v. Wilks, 490 U.S. 755, 762 n.2 (1989)). As we
2 recognized in CP Solutions, the potential prejudice to an
3 absent party under Rule 19(b) is mitigated where a remaining
4 party "could champion [his or her] interest." 553 F.3d at
5 160. And prejudice to absent parties approaches the
6 vanishing point when the remaining parties are represented
7 by the same counsel, and when the absent and remaining
8 parties' interests are aligned in all respects. Id.;
9 Prescription Plan Serv. Corp. v. Franco, 552 F.2d 493, 497
10 (2d Cir. 1977).

11 This lawsuit concerns a single legal issue in
12 which Lisa's and Neal's interests are identical to Barbara's
13 and Susan's. The Kirbys have the same lawyer -- who we are
14 sure was "no less vigorous in [his] advocacy," Prescription
15 Plan Serv., 552 F.2d at 497, because he represented two
16 Kirbys instead of four. And we have been given no reason
17 whatever to think that the proofs advanced by Barbara and
18 Susan are materially different from those Lisa and Neal
19 would have proffered. We therefore see no practical
20 prejudice to Lisa and Neal as a result of adjudicating this
21 case in their absence.

22 The other remaining consideration is whether
23 Marvel "would have an adequate remedy if the action were

1 dismissed for non-joinder." Fed. R. Civ. P. 19(b)(4). As
2 Marvel points out, because Lisa and Neal are not amenable to
3 personal jurisdiction in New York, and because Barbara and
4 Susan -- New York residents -- are, as far as the record
5 reveals, not amenable to personal jurisdiction in
6 California, the Kirbys might well be able to thwart a
7 declaratory judgment suit brought by Marvel in a forum in
8 either state. Appellees' Br. at 56-57. In light of the
9 nearly non-existent showing of prejudice to any of the
10 parties involved here, we see no reason to permit the Kirbys
11 to withhold consent to any suit in which the forum or
12 litigation posture are not to their liking. See Provident
13 Tradesmens Bank & Trust Co. v. Patterson, 390 U.S. 102, 109
14 (1968) (recognizing a plaintiff's "interest in having a
15 forum").

16 We conclude, therefore, that the only
17 determination that falls within the range of permissible
18 decisions in the circumstances of this case is that Lisa and
19 Neal are not indispensable parties, and that it was
20 appropriate for the action against Barbara and Susan to have
21 proceeded on its merits.⁵

⁵ There is an abstract question lurking in the background: Should a court apply the Rule to present circumstances, or instead to the circumstances as they were at the time the party

1 **III. Summary Judgment**

2 The remaining Kirbys -- Barbara and Susan --
 3 challenge the district court's grant of summary judgment in
 4 favor of Marvel. "We review a district court's grant of
 5 summary judgment de novo. In reviewing a summary judgment
 6 decision, we apply the same standards applied by the
 7 district court. Under this standard, summary judgment may
 8 be granted only if 'there is no genuine dispute as to any
 9 material fact and the movant is entitled to judgment as a
 10 matter of law.' [Fed. R. Civ. P. 56(a)]. In determining
 11 whether there is a genuine dispute as to a material fact, we
 12 must resolve all ambiguities and draw all inferences against
 13 the moving party." Garcia v. Hartford Police Dep't, 706

initially made its motion for dismissal under Rule 19(b)?
Compare Universal Reinsurance Co., 312 F.3d at 89 (noting, in a
 case in which Rule 19(b) issue did not arise until after first
 appeal and remand, that "[o]nce the district court has proceeded
 to final judgment, considerations of finality, efficiency, and
 economy become overwhelming, and federal courts are directed to
 salvage jurisdiction where possible" (internal quotation marks
 and citations omitted)), with Young v. Powell, 179 F.2d 147,
 152 (5th Cir. 1950) (reviewing district court's Rule 19(b)
 analysis based on the "relief asked for" rather than the "relief
 granted" on the merits in order to prevent prejudice to the
 defendant). See generally 7 CHARLES ALAN WRIGHT & ARTHUR R. MILLER,
 FEDERAL PRACTICE AND PROCEDURE § 1609 (3d ed. 2008). We need not
 address it, though, because we conclude that under either
 approach, the result would be the same: Lisa and Neal are not
 indispensable parties.

1 F.3d 120, 126-27 (2d Cir. 2013) (per curiam) (alteration,
2 some citations, and internal quotation marks omitted).

3 **A. Exclusion of Expert Testimony**

4 We address first the admissibility of the reports
5 and testimony of Barbara and Susan's putative experts, John
6 Morrow and Mark Evanier, who purported to offer historical
7 perspective concerning the relationship between Marvel and
8 Jack Kirby. The district court ruled that the reports and
9 testimony were inadmissible. Marvel Worldwide, Inc., 777
10 F. Supp. 2d at 729-30. We review this decision for abuse of
11 discretion. Wills v. Amerada Hess Corp., 379 F.3d 32, 41
12 (2d Cir. 2004).

13 Federal Rule of Evidence 702 governs the
14 admissibility of expert testimony. It requires for
15 admissibility, among other things, that "the expert's
16 scientific, technical, or other specialized knowledge will
17 help the trier of fact to understand the evidence or to
18 determine a fact in issue." Fed. R. Evid. 702(a). In other
19 words, "[e]xpert testimony must be helpful to the [trier of
20 fact] in comprehending and deciding issues beyond the
21 understanding of a layperson." DiBella v. Hopkins, 403 F.3d
22 102, 121 (2d Cir. 2005).

1 We have no doubt that a historian's "specialized
2 knowledge" could potentially aid a trier of fact in some
3 cases. A historian could, for example, help to identify,
4 gauge the reliability of, and interpret evidence that would
5 otherwise elude, mislead, or remain opaque to a layperson.
6 See generally Maxine D. Goodman, Slipping Through the Gate,
7 60 BAYLOR L. REV. 824, 857 (2008) (commenting that a
8 historian's task is "to choose reliable sources, to read
9 them reliably, and to put them together in ways that provide
10 reliable narratives about the past" (quoting MARTHA C. HOWELL
11 & WALTER PREVENIER, FROM RELIABLE SOURCES: AN INTRODUCTION TO HISTORICAL
12 METHODS 2 (2001))). He or she might helpfully synthesize
13 dense or voluminous historical texts. Id. Or such a
14 witness might offer background knowledge or context that
15 illuminates or places in perspective past events. See,
16 e.g., Int'l Soc. for Krishna Consciousness, Inc. v. Barber,
17 650 F.2d 430, 440 (2d Cir. 1981) ("In fact, one religious
18 expert at trial remarked that the American movement is 'one
19 of the most unusual examples of transfer of a cultural
20 tradition across broad national and cultural barriers.'
21 This evidence of historical longevity and theological
22 consistency should not be ignored.").

1 But Morrow and Evanier do not bring their
2 expertise to bear in any such way. As the district court
3 recognized, their reports are by and large undergirded by
4 hearsay statements, made by freelance artists in both formal
5 and informal settings, concerning Marvel's general practices
6 towards its artists during the relevant time period. See,
7 e.g., Deposition of Mark Evanier, Dec. 6, 2010, at 18-21,
8 Joint App'x at 957-59. Drawing from these statements, they
9 then speculate as to the motivations and intentions of
10 certain parties, see, e.g., Expert Report of John Morrow at
11 9, Joint App'x at 1152 ("I do not believe that Goodman, Lee,
12 Marvel or the freelance artists, like Jack Kirby,
13 . . . thought that the material they created was 'work made
14 for hire'"), or opine on the credibility of other
15 witnesses' accounts, see, e.g., Expert Report of Mark
16 Evanier at 14, Joint App'x at 1105 ("I have great respect
17 and personal affection for Stan Lee, but I disagree with the
18 accounts he has sometimes given").

19 Although the Rules permit experts some leeway with
20 respect to hearsay evidence, Fed. R. Evid. 703, "a party
21 cannot call an expert simply as a conduit for introducing
22 hearsay under the guise that the testifying expert used the
23 hearsay as the basis of his testimony." Malletier v. Dooney

1 & Bourke, Inc., 525 F. Supp. 2d 558, 666 (S.D.N.Y. 2007).
 2 The appropriate way to adduce factual details of specific
 3 past events is, where possible, through persons who
 4 witnessed those events. And the jobs of judging these
 5 witnesses' credibility and drawing inferences from their
 6 testimony belong to the factfinder. See Nimely v. City of
 7 New York, 414 F.3d 381, 397-98 (2d Cir. 2005). We therefore
 8 think the district court clearly did not abuse its
 9 discretion in declining to admit this evidence.

10 **B. Termination Rights and Work Made for Hire**

11 We thus, at last, arrive at the merits of Marvel's
 12 summary judgment motion. At issue is section 304(c) of the
 13 Copyright Act of 1976, which, insofar as bears on this
 14 litigation, provides:

15 Termination of Transfers and Licenses
 16 Covering Extended Renewal Term. -- In the
 17 case of any copyright subsisting in
 18 either its first or renewal term on
 19 January 1, 1978, other than a copyright
 20 in a work made for hire, the exclusive or
 21 nonexclusive grant of a transfer or
 22 license of the renewal copyright or any
 23 right under it, executed before January
 24 1, 1978 . . . is subject to
 25 termination

26 17 U.S.C. § 304(c).⁶

⁶ The termination right in section 304(c) applies only to transfers executed by the author prior to January 1, 1978. Section 203 governs termination of transfers of the rights to

1
2 If the author is no longer alive, section
3 304(c)(2) grants his or her termination rights to specified
4 heirs. See id. § 304(c)(2)(B). The provision "protect[s]
5 the property rights of widows and children in copyrights" by
6 granting them the power to undo earlier transfers and to
7 enjoy the remainder of the copyright term.⁷ Larry Spier,
8 Inc. v. Bourne Co., 953 F.2d 774, 778 (2d Cir. 1992).

9 But section 304(c) provides that termination
10 rights under that section do not exist with respect to
11 "work[s] made for hire." 17 U.S.C. § 304(c). Where a work
12 is "made for hire," copyright law deems the employer to be
13 the "author" for purposes of copyright ownership. Copyright
14 Act of 1909 § 62 (formerly codified at 17 U.S.C. § 26)
15 ("[T]he word 'author' shall include an employer in the case

works executed on or after January 1, 1978. See 17 U.S.C.
§ 203(a). We have cautioned that "Section 203 and Section 304
are different provisions involving different rights." Larry
Spier, Inc. v. Bourne Co., 953 F.2d 774, 779 (2d Cir. 1992).

⁷ Thirty-nine years, to be precise. Termination rights may
be effected "during a period of five years beginning at the end
of fifty-six years from the date copyright was originally
secured, or beginning on January 1, 1978, whichever is later."
17 U.S.C. § 304(c)(3). Under section 304, as amended by the
Sonny Bono Copyright Term Extension Act, the full copyright term
of the works at issue -- consisting of a 28-year initial term
plus a 67-year renewal term -- is 95 years. See 17 U.S.C.
§ 304(a), (b). At stake here, then, is the 39 years that will be
remaining on each of the works' copyright terms at the time they
turn 56.

1 of works made for hire."); see also Copyright Act of 1976
2 § 201(b), 17 U.S.C. § 201(b) ("In the case of a work made
3 for hire, the employer or other person for whom the work was
4 prepared is considered the author for purposes of this
5 title"). The hired party, although "the 'author' in
6 the colloquial sense," Shapiro, Bernstein & Co. v. Bryan,
7 123 F.2d 697, 699 (2d Cir. 1941), therefore never owned the
8 copyrights to assign. It stands to reason, then, that there
9 are no rights the assignment of which his or her heirs may
10 now terminate.

11 Marvel argues that all of the works at issue in
12 this case fall into the category of "work made for hire."

13 **1. The Instance and Expense Test.** To determine
14 whether a work is "work made for hire" within the meaning of
15 section 304(c), we apply case law interpreting that term as
16 used in the 1909 Act, the law in effect when the works were
17 created. See Estate of Burne Hogarth v. Edgar Rice
18 Burroughs, Inc., 342 F.3d 149, 156-63 (2d Cir. 2003). This
19 requires us to apply what is known as the "instance and
20 expense test."

21 **a. Origins.**

22 The origins of the instance and expense test were
23 described at some length by Judge Newman's opinions in

1 Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.,
2 supra, and Martha Graham School and Dance Foundation, Inc.
3 v. Martha Graham Center of Contemporary Dance, Inc., 380
4 F.3d 624, 633-36 (2d Cir. 2004).

5 The test was developed from two lines of cases.
6 One was our court-made work-for-hire jurisprudence.
7 "Because the 1909 Act did not define 'employer' or 'works
8 made for hire,' the task of shaping these terms fell to the
9 courts." Community for Creative Non-Violence v. Reid, 490
10 U.S. 730, 744 (1989). Using Bleistein v. Donaldson
11 Lithographing Co., 188 U.S. 239, 248 (1903) -- the Supreme
12 Court's first encounter with the work-for-hire phenomenon --
13 as a guidepost, our early cases focused principally on
14 whether the work at issue was created within the scope of a
15 traditional employment relationship. See, e.g., Tobani v.
16 Carl Fischer, Inc., 98 F.2d 57, 59 (2d Cir. 1938); Shapiro,
17 Bernstein & Co., Inc. v. Bryan, 123 F.2d 697, 698-700 (2d
18 Cir. 1941). Work-for-hire doctrine thus served to identify
19 which party within the traditional employment relationship
20 was the statutory "author," and hence owned the copyright in
21 the work from the time of creation.

22 The second doctrine developed to address what was
23 initially considered a separate issue under the 1909 Act:

1 rights in commissioned works created by independent
2 contractors. The issue in this situation, at least in the
3 early cases, was not who the statutory author was -- the
4 author was the independent contractor. The issue was
5 whether the hiring party nevertheless owned copyrights by
6 way of the author's implied assignment of those rights; and,
7 if so, whether the assignment applied to only the "original"
8 copyright term, or to both the "original" term and an
9 "expectancy" in the so-called "renewal" term.

10 We addressed the first half of this issue in
11 Yardley v. Houghton Mifflin Co., 108 F.2d 28 (2d Cir. 1939).
12 There we concluded that if a party "is solicited by a patron
13 to execute a commission for pay, the presumption should be
14 indulged that the patron desires to control the publication
15 of copies and that the artist consents that he may, unless
16 by the terms of the contract, express or implicit, the
17 artist has reserved the copyright to himself." Id. at 31.
18 And in later cases, we seemed to answer the second half,
19 limiting Yardley's presumption in favor of implied
20 assignment to the original term. See Estate of Burne
21 Hogarth, 342 F.3d at 159; Shapiro, Bernstein & Co. v. Jerry
22 Vogel Music Co., 221 F.2d 569, 570 (1955).

1 The two doctrines first converged in Brattleboro
2 Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565,
3 567 (2d Cir. 1966). That case concerned rights in the
4 original term in an independent contractor setting -- like
5 in Yardley -- but we nevertheless began our analysis by
6 discussing traditional work-for-hire doctrine. Id. at 567.
7 We relied on Professor Melville Nimmer's copyright treatise,
8 which we described as recognizing "a presumption in the
9 absence of an express contractual reservation to the
10 contrary, that the copyright shall be in the person at whose
11 instance and expense the work is done." Id. (emphasis
12 added) (citing NIMMER ON COPYRIGHT 238 (1964)). And we could
13 "see no sound reason why these same principles are not
14 applicable when the parties bear the relationship of
15 employer and independent contractor." Id. at 568.

16 This discussion does not appear to have been
17 necessary to the result inasmuch as the Court went on to
18 resolve the case on the grounds of Yardley's presumption.
19 Id. Just as curious was the Brattleboro Court's attribution
20 of the phrase "instance and expense" to Professor Nimmer.
21 The phrase is apparently not to be found in the cited
22 passage on work-for-hire doctrine. See MELVILLE B. NIMMER &
23 DAVID NIMMER, NIMMER ON COPYRIGHT § 5.03 n.171b (Matthew Bender,

1 Rev. Ed. 2013). It seems instead to be drawn from a Ninth
2 Circuit opinion in an independent contractor case published
3 the year before. See Lin-Brook Builders Hardware v.
4 Gertler, 352 F.2d 298, 300 (9th Cir. 1965); see generally
5 Martha Graham, 380 F.3d at 634 n.17.

6 But we effectively adopted the union of these two
7 approaches in Picture Music, Inc. v. Bourne, Inc., 457 F.2d
8 1213, 1216 (2d Cir. 1972), relying on both work-for-hire and
9 implied assignment cases to conclude that an independent
10 contractor's works were "made for hire," and therefore that
11 the hiring party owned both the original and renewal term.
12 Id. at 1216. And when we next confronted the issue, in
13 Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 554 (2d
14 Cir. 1995), we explained that "an independent contractor is
15 an 'employee' and a hiring party an 'employer' for purposes
16 of the [1909 Act] if the work is made at the hiring party's
17 'instance and expense.'"⁸

⁸ Our approach has been criticized. See NIMMER ON COPYRIGHT § 9.03[D]. It was also called into question by language in Community for Creative Non-Violence v. Reid, 490 U.S. 730, 744 (1989), which discussed some of our cases as background to interpreting the 1976 Act's somewhat different "work made for hire" provisions, 17 U.S.C. § 101. We nonetheless reaffirmed our adherence to the instance and expense test in cases turning on the interpretation of the 1909 Act's work-for-hire provisions in Estate of Burne Hogarth, supra.

1 **b. General Principles**

2 We have stated as a general rule that "[a] work is
3 made at the hiring party's 'instance and expense' when the
4 employer induces the creation of the work and has the right
5 to direct and supervise the manner in which the work is
6 carried out." Martha Graham, 380 F.3d at 635. Our case law
7 is, however, not so tidy. To the extent we can distill from
8 our prior cases a set of principles applicable here, they
9 are these:

10 "Instance" refers to the extent to which the
11 hiring party provided the impetus for, participated in, or
12 had the power to supervise the creation of the work. Actual
13 creative contributions or direction strongly suggest that
14 the work is made at the hiring party's instance. See, e.g.,
15 Playboy Enterprises, Inc., 53 F.3d at 556 (evidence that
16 independent contractor "was given specific instructions for
17 his early submissions to Playboy" suggested work for hire);
18 Yardley, 108 F.2d at 30-31 ("[W]here a photographer takes
19 photographs of a person who goes or is sent to him in the
20 usual course, and is paid for the photographs and for his
21 services in taking them, the right of copyright is in the
22 sitter or in the person sending the sitter to be
23 photographed, and not in the photographer . . .").

1 The "right to direct and supervise the manner in
2 which the work is carried out," Martha Graham, 380 F.3d at
3 635, moreover, even if not exercised, is in some
4 circumstances enough to satisfy the "instance" requirement.
5 It may be sufficient, for example, where the hiring party
6 makes a particularly strong showing that the work was made
7 at its expense, Scherr v. Universal Match Corp., 417 F.2d
8 497, 501 (2d Cir. 1969) (noting "the overwhelming
9 appropriation of [the hiring party's] funds, time and
10 facilities to the project"), or where prior dealings between
11 the parties on similar assignments, as part of an ongoing
12 arrangement, have rendered fine-grained supervision
13 unnecessary, Playboy Enterprises, Inc., 53 F.3d at 556
14 ("right to control" and exercise of control with respect to
15 "certain characteristics" sufficient in light of earlier
16 "specific assignments").

17 But "inducement" or "control" alone can be
18 incidental enough not to vest copyright ownership in the
19 hiring party. For example, in Siegel v. National Periodical
20 Publications, Inc., 508 F.2d 909, 914 (2d Cir. 1974), we
21 concluded that it was insufficient that the independent
22 contractor "revise[d] and expand[ed] the Superman material
23 at the request of the [hiring party]," because "Superman had

1 been spawned by the [independent contractor] four years
2 before the relationship [with the hiring party] existed."
3 Indeed, even in cases arising under traditional employment
4 law, a work created "as a special job assignment" may not be
5 a "work made for hire." Shapiro, Bernstein & Co., 221 F.2d
6 at 570.

7 The "expense" component refers to the resources
8 the hiring party invests in the creation of the work. We
9 have, at least in some cases, continued the tradition of
10 treating the incidents of a traditional employment
11 relationship as relevant to the analysis. See, e.g., Martha
12 Graham, 380 F.3d at 637-41. We have, moreover, suggested
13 that the hiring party's provision of tools, resources, or
14 overhead may be controlling. Id. at 638 ("It may well be
15 that the resources of the Center -- notably, its rehearsal
16 space and the dancers enrolled at the School --
17 significantly aided Graham in her choreography, thereby
18 arguably satisfying the 'expense' component"). But
19 cf. Playboy Enterprises, Inc., 53 F.3d at 555 (finding that
20 factors relevant to work for hire analysis under the 1976
21 Act, like setting hours or providing tools, have "no bearing
22 on whether the work was made at the hiring party's
23 expense").

1 In other cases, however, we seem to have focused
2 mostly on the nature of payment: payment of a "sum certain"
3 suggests a work-for-hire arrangement; but "where the creator
4 of a work receives royalties as payment, that method of
5 payment generally weighs against finding a work-for-hire
6 relationship." Playboy Enterprises, Inc., 53 F.3d at 555.
7 We note, though, that this distinction appears to be a
8 rather inexact method of properly rewarding with ownership
9 the party that bears the risk with respect to the work's
10 success. See Twentieth Century Fox Film Corp. v.
11 Entertainment Distributing, 429 F.3d 869, 881 (9th Cir.
12 2005) (noting that publisher took on "all the financial risk
13 of the book's success"); see also Donaldson Publishing Co.
14 v. Bregman, Vocco & Conn, Inc., 375 F.2d 639, 643 (2d Cir.
15 1967) (finding relevant employee's "freedom to engage in
16 profitable outside activities without sharing the proceeds
17 with [the hiring party]").

18 Our case law counsels against rigid application of
19 these principles. Whether the instance and expense test is
20 satisfied turns on the parties' creative and financial
21 arrangement as revealed by the record in each case.

22 If the hiring party is able to satisfy the
23 instance and expense test, it "is presumed to be the author

1 of the work," and the independent contractor can overcome
 2 the presumption only "by evidence of an agreement to the
 3 contrary."⁹ Playboy Enterprises, Inc., 53 F.3d at 556.

4 **2. Application of the Instance and Expense Test**
 5 **in the Present Case.** Applying these principles to the facts
 6 in the record before us -- a challenging endeavor in some
 7 respects¹⁰ -- we conclude that the works were created at
 8 Marvel's instance and expense, and that Barbara and Susan
 9 have not adduced evidence of an agreement to the contrary

⁹ Marvel sees this as a formal "burden shifting framework." Under that framework, as Marvel conceives of it, the hiring party must "come forward with 'some credible evidence' that the Works were created at its instance and expense," from which showing "arises an 'almost irrebuttable presumption' that the Works were works made for hire." Appellees' Br. at 22 (citations omitted). Neither the "some credible evidence" statement -- a cherry-picked comment from a Ninth Circuit opinion, see Twentieth Century, 429 F.3d at 877 -- nor the "almost irrebuttable presumption" language -- a Fifth Circuit opinion's description of our approach, noted in our opinion in Estate of Burne Hogarth, 342 F.3d at 158 (quoting Easter Seal Society for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enterprises, 815 F.2d 323, 327 (5th Cir. 1987)) -- is an accurate statement of our case law.

¹⁰ The facts underlying this dispute took place decades ago, and Jack Kirby is, of course, no longer alive to provide an account of his working relationship with Marvel during the relevant time period. This leaves us to reconstruct the arrangement through (1) the deposition testimony of Stan Lee, whose credibility the Kirbys contest; (2) the depositions and declarations of other comic book artists who worked for Marvel at various times, but likely under different arrangements from Kirby's; (3) the depositions of the Kirby children, who have little direct knowledge; and (4) some documentary evidence concerning Kirby's contributions to or creation of some of the works.

1 contemporaneous with the creation of the works. We
2 therefore conclude that the district court was correct to
3 award summary judgment in favor of Marvel.

4 **a. Instance.**

5 The evidence, construed in favor of the Kirbys,
6 establishes beyond dispute that the works in question were
7 made at Marvel's instance.

8 Although Jack Kirby was a freelancer, his working
9 relationship with Marvel between the years of 1958 and 1963
10 was close and continuous. Stan Lee considered Kirby to be
11 Marvel's best artist, Lee Dep. at 30, Joint App'x at 2450,
12 an assessment reinforced by the admiration of Kirby by his
13 contemporaries, see Deposition of Lawrence Lieber ("L.
14 Lieber Dep."), Jan. 7, 2011, at 104-05, Joint App'x at 1530-
15 31; Deposition of John Romita ("Romita Dep."), Oct. 21,
16 2010, at 75-76, Joint App'x at 360-61. Lee "wanted to use
17 Jack for everything," Lee Dep. at 36, Joint App'x at 2456,
18 and Kirby appears to have been kept busy with assignments
19 from Marvel, id. at 37, Joint App'x at 2457.

20 Marvel published the great majority of Kirby's
21 work during these years -- 1958 through 1963. There are
22 indications in the record that artists did customarily work
23 with more than one publisher during the relevant time

1 period, see, e.g., L. Lieber Dep. at 74-75, Joint App'x at
2 1521-22, and a handful of Kirby's works between 1958 and
3 1963 were not published by Marvel, see Excerpt of JACK KIRBY
4 CHECKLIST (Two Morrows Gold ed. 2008), Joint App'x at 1751-
5 62. But it is beyond dispute that most of Kirby's work
6 during this period was published by Marvel and for
7 established Marvel titles. Id.

8 Understood as products of this overarching
9 relationship, Kirby's works during this period were hardly
10 self-directed projects in which he hoped Marvel, as one of
11 several potential publishers, might have an interest;
12 rather, he created the relevant works pursuant to Marvel's
13 assignment or with Marvel specifically in mind. Kirby's
14 ongoing partnership with Marvel, however unbalanced and
15 under-remunerative to the artist, is therefore what induced
16 Kirby's creation of the works.

17 Marvel also played at least some creative role
18 with respect to the works. Kirby undoubtedly enjoyed more
19 creative discretion than most artists did under the "Marvel
20 Method," a fact Lee readily admits. Lee Dep. at 70, Joint
21 App'x at 2490. But the only evidence on the issue indicates
22 that he did not work on "spec" (speculation) -- that is, he
23 worked within the scope of Marvel's assignments and titles.

1 Id. at 48, Joint App'x at 2468; Deposition of Neal Kirby,
2 June 30, 2010, at 167-68, Joint App'x at 1592-93. There is
3 no disputing, moreover, that Marvel had the power to reject
4 Kirby's pages and require him to redo them, or to alter
5 them, a power it exercised from time to time. Id. at 234-
6 35, Joint App'x at 1599-1600; Deposition of Susan Kirby,
7 Oct. 25, 2010, at 37, Joint App'x at 1607. And there is
8 evidence that Kirby collaborated with Lee with respect to
9 many of the works. Lee Dep. at 118, Joint App'x at 2538.

10 Marvel's inducement, right to supervise, exercise
11 of that right, and creative contribution with respect to
12 Kirby's work during the relevant time period is more than
13 enough to establish that the works were created at Marvel's
14 instance.

15 The Kirbys' attempts to avoid this conclusion are
16 unsuccessful. Their argument is that the "right to
17 supervise" referred to in our case law requires a legal,
18 presumably contractual, right. Appellants' Br. at 42-45.
19 We find no hint of this requirement in our case law applying
20 the instance and expense test. Nor do the Kirbys provide a
21 principled reason why Marvel's active involvement in the
22 creative process, coupled with its power to reject pages and
23 request that they be redone, should not suffice.

1 The Kirbys also point to factual disputes over who
2 actually created the characters, plots, and other concepts
3 in Marvel's comic books during the relevant time period,
4 mostly in an attempt to discredit Lee and find fault in the
5 district court's reading of the record. Appellants' Br. at
6 33-35. Questions of who created the characters are mostly
7 beside the point. That Marvel owes many of its triumphs to
8 Kirby is beyond question. But the hired party's ingenuity
9 and acumen are a substantial reason for the hiring party to
10 have enlisted him. It makes little sense to foreclose a
11 finding that work is made for hire because the hired artist
12 indeed put his exceptional gifts to work for the party that
13 contracted for their benefit.

14 **b. Expense.**

15 Whether the Works were created at Marvel's expense
16 presents a more difficult question. We ultimately find
17 ourselves in agreement with the district court and in favor
18 of Marvel here too.

19 The facts underlying the expense component are not
20 in dispute. Marvel paid Kirby a flat rate per page for
21 those pages it accepted, and no royalties. It did not pay
22 for Kirby's supplies or provide him with office space. It
23 was free to reject Kirby's pages and pay him nothing for

1 them. The record contains anecdotal evidence that Marvel
2 did in fact reject Kirby's work or require him to redo it on
3 occasion, if less often than it did the work of other
4 artists, but with what frequency is unclear.

5 Marvel argues that its payment of a flat rate for
6 Kirby's pages is all that matters. It relies on our
7 suggestion in Playboy Enterprises, 53 F.3d at 555, that "the
8 'expense' requirement [is] met where a hiring party simply
9 pays an independent contractor a sum certain for his or her
10 work." Because, Marvel argues, it paid Kirby a sum certain
11 when it accepted his pages -- irrespective of whether the
12 pages required edits or additions, were ultimately
13 published, or were part of a comic book that was a
14 commercial success -- it took on the risk of financial loss.

15 The Kirbys urge us to focus not on the risk Marvel
16 took at the time it purchased the pages, but on the risk
17 Kirby took when he set out to create them. Until Marvel
18 purchased Kirby's pages, they point out, Kirby had
19 undertaken all of the costs of producing the drawings --
20 time, tools, overhead -- and shouldered the risk that Marvel
21 would reject them, leaving him in the lurch. Marvel's
22 purely contingent payment, they argue, thus acted more like
23 a royalty than a sum certain. Appellants' Br. at 36-42.

1 This argument might give us pause if Kirby's
2 relationship with Marvel comprised discrete engagements with
3 materially uncertain prospects for payment, or, indeed, if
4 he undertook to create the works independent of Marvel. But
5 there is no evidence of which we are aware to either effect.
6 The evidence suggests instead that Marvel and Kirby had a
7 standing engagement whereby Kirby would produce drawings
8 designed to fit within specific Marvel universes that his
9 previously purchased pages had helped to define. When Kirby
10 sat down to draw, then, it was not in the hope that Marvel
11 or some other publisher might one day be interested enough
12 in them to buy, but with the expectation, established
13 through their ongoing, mutually beneficial relationship,
14 that Marvel would pay him. And the record makes clear that
15 in the run of assignments, this expectation proved
16 warranted.

17 Kirby's completed pencil drawings, moreover, were
18 generally not free-standing creative works, marketable to
19 any publisher as a finished or nearly finished product.
20 They built on preexisting titles and themes that Marvel had
21 expended resources to establish -- and in which Marvel held
22 rights -- and they required both creative contributions and
23 production work that Marvel supplied. That the works are

1 now valuable is therefore in substantial part a function of
2 Marvel's expenditures over and above the flat rate it paid
3 Kirby for his drawings.

4 In the final analysis, then, the record suggests
5 that both parties took on risks with respect to the works'
6 success -- Kirby that he might occasionally not be paid for
7 the labor and materials for certain pages, and Marvel that
8 the pages it did pay for might not result in a successful
9 comic book. But we think that Marvel's payment of a flat
10 rate and its contribution of both creative and production
11 value, in light of the parties' relationship as a whole, is
12 enough to satisfy the expense requirement.

13 **c. Agreement to the Contrary.**

14 Because Marvel has satisfied the instance and
15 expense test, a presumption arises that the works in
16 question were "works made for hire" under section 304(c).
17 This presumption can be overcome only by evidence of an
18 agreement to the contrary contemporaneous with the creation
19 of the works.

20 The Kirbys' showing in this regard consists mostly
21 of negative or elliptical inferences concerning the parties'
22 agreement at the time. For example, they point to a 1975
23 assignment executed by Jack Kirby that purported to transfer

1 interests in certain works to Marvel (but also averred that
2 all of his work was for hire), which they say suggests the
3 parties' understanding that Marvel did not already own the
4 rights. Appellants' Br. at 48. They also call to our
5 attention evidence that indicates that Marvel paid Kirby
6 during the relevant time periods with checks that contained
7 a legend with assignment, instead of work-for-hire,
8 language. Id. at 47.

9 This evidence is not enough to enable the Kirbys
10 to survive the motion for summary judgment. Anderson v.
11 Liberty Lobby, Inc., 477 U.S. 242, 252 (1986) ("The mere
12 existence of a scintilla of evidence in support of the [non-
13 movant's] position will be insufficient; there must be
14 evidence on which the jury could reasonably find for the
15 [non-movant]."); Bickerstaff v. Vassar Coll., 196 F.3d 435,
16 448 (2d Cir. 1999) ("[A]n inference is not a suspicion or a
17 guess." (internal quotation marks omitted)). It is all too
18 likely that, if the parties thought about it at all, Kirby's
19 assignments at the time he was paid or later were
20 redundancies insisted upon by Marvel to protect its rights;
21 we decline to infer from Marvel's suspenders that it had
22 agreed to give Kirby its belt.

23 * * *

1 In sum, the district court made no error, in our
2 view, in determining as a matter of law that the works were
3 made at Marvel's instance and expense, and that the parties
4 had no agreement to the contrary. The remaining Kirbys,
5 Barbara and Susan, are therefore without termination rights
6 under section 304(c), and the district court properly
7 granted Marvel's motion for summary judgment as to them.

8 **CONCLUSION**

9 For the foregoing reasons, we vacate the district
10 court's judgment as against Lisa and Neal Kirby and remand
11 with instructions to the district court to dismiss the
12 action against them for want of personal jurisdiction. We
13 affirm the judgment in favor of Marvel as against Barbara
14 and Susan Kirby. Each party shall bear his, her, or its own
15 costs.

A True Copy

Catherine O'Hagan Wolfe, Clerk

United States Court of Appeals, Second Circuit

The block contains a handwritten signature in blue ink that reads "Catherine O'Hagan Wolfe". Overlaid on the signature is a circular official seal. The seal has a blue outer ring with the text "UNITED STATES COURT OF APPEALS" at the top and "SECOND CIRCUIT" at the bottom, separated by two stars. The center of the seal is white with the words "SECOND CIRCUIT" in blue.